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AGRICULTURAL OUTLOOK

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The New Farm Bill: Its Implications

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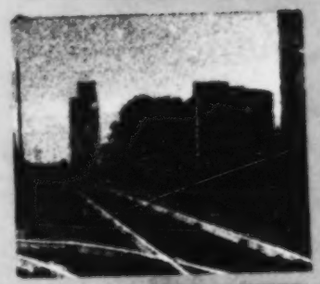
AGRICULTURAL OUTLOOK

March 1986/AO-117



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In Brief. . . News of Farm Income, Production Costs, and the Farm Bill

The Food Security Act of 1985 begins a 5-year Federal Government program to allow U.S. prices for wheat, feed grains, cotton, and rice to become competitive on the world market. Loan rates are more closely linked to market prices than under the last farm bill, although target prices are frozen for 1986 and 1987 to bolster farm income. The act also authorizes a conservation reserve of up to 45 million acres. Farmers will receive an annual rental payment in return for placing land in the reserve for 10 years.

Lower crop loan rates are designed to boost use of U.S. commodities. The bill's success hinges on whether competitive prices will raise exports enough to reduce American grain and cotton farmers' reliance on farm programs.

Exports in 1986/87 will likely increase significantly, but 1985/86 export movement has slowed for several commodities. Traders are sorting out the implications of the new commodity programs and awaiting announcement of additional details, especially on rice and cotton. Summer-quarter corn sales will likely slow considerably as importers delay purchases until fall in anticipation of sharply reduced prices.

The farm bill's biggest impact on milk production will probably come from the herd buyout program. The bill aims to remove 12 billion pounds of production capacity by September 1987.

Despite the extra animals from the buyout program, cow slaughter for 1986 may still be down somewhat from a year earlier, because of continuing declines in the beef cow inventory.

Net farm income in 1986 is forecast to decline again. A large drop projected for total expenses will be offset by a decline in crop marketing receipts and a lower value of inventory change. Net farm income is currently forecast to total between $21 and $25 billion, following the expected $29 to $32 billion in 1985 and the record $34.5 billion in 1984. Net cash income is forecast at $37-$41 billion, down from last year's forecast record $41-$44 billion, but about even with 1984's $39.2 billion. Cash income will be supported by higher livestock prices and large Government payments to crop farmers.

The prices of major production inputs fell in 1985 and are forecast to continue falling in 1986. As a result, 1986 variable expenses for crop production should average 1 to 2 percent lower. Livestock production expenses, which include feed costs, will decline significantly.

Agricultural Economy

The Food Security Act of 1985, signed December 23, sets the major parameters of U.S. farm policy through 1990. It leaves the Secretary of Agriculture a large degree of discretion in the formulation of specific programs, and many important decisions regarding the 1986 programs are yet to be made. The Gramm-Rudman-Hollings budget law is causing additional uncertainty. Nevertheless, the basic intent of the farm bill is clear, and the general direction of farm policy over the next several years can be discerned.

Provisions of the bill pertaining to grains and cotton are designed to boost consumption by allowing U.S. prices to fall to market-clearing levels. But, the bill also cushions the resulting decline in farm income by maintaining current target prices for 1 to 2 years and applying the $50,000 payment limit to only a portion of program benefits. The grain and dairy programs differ in that the lower effective milk support price is intended mainly to discourage milk production rather than boost exports, since commercial dairy exports account for only about 1 percent of total disappearance.

Success Hinges on Raising Exports

However, lower crop loan rates are designed to boost consumption of commodities as well as dampen production. In this regard, the bill's success hinges on whether competitive prices will raise exports enough to reduce American grain and cotton farmers' reliance on the farm programs.

The success of the dairy program depends on whether the lower milk price supports, combined with the herd buyout, will sufficiently discourage production. One of the difficulties among the various commodity programs is that declines in feed grain and soybean prices will partially offset the fall in the effective milk support price.

A major innovation in the new bill is the long-term conservation acreage reserve program. The reserve is designed to remove 5 million acres of highly erodible cropland from production in 1986, and keep it in reserve for 10-15 years. The total is to climb to 40-45 million acres by 1990. While designed primarily to reduce soil erosion, the reserve will also affect crop production. The reserve could account for about 10 percent of the total U.S. cropland base by 1990.

Some Benefits Exempt From $50,000 Payment Limit

The new bill encourages increased participation in the crop programs, by holding target prices at current levels and by exempting from the $50,000 payment limit those program benefits that result from farm prices' falling below the basic loan rates. However, the bill does not guarantee increased incomes to farmers, even though direct Government benefits paid to farmers will probably increase. Large farmers affected by the $50,000 payment limit, in particular, will probably have lower incomes in 1986 because of the bill's lower loan rates.

Increased program participation, combined with the conservation reserve and the 92/50 provision, will probably cut acreage in 1986. The 92/50 provision allows farmers to reduce their planted acreage to 50 percent of what they are permitted to plant under the crop programs, but still receive 92 percent of the deficiency payments they would normally earn by planting all of their permitted acreage. Therefore, with average weather, 1986-crop production will likely fall below 1985.

Production Below 1985 Levels Probable During Rest of 80's

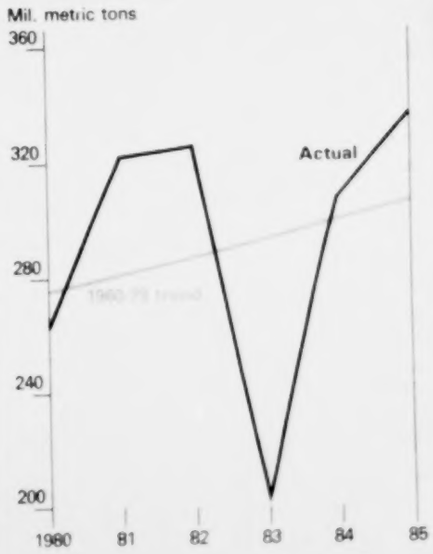
The maximum acreage reductions the Secretary can require during the first 3 years of the new bill are 25 percent for wheat and cotton, 20 percent for feed grains, and 35 percent for rice. These reductions are comparable to the 1985/86 wheat, rice, and cotton programs and are larger than the current feed grain program.

Even though U.S. yields continue to trend higher, lower acreage and the fact that 1985 yields were extremely high for some crops mean that production of the major program crops is likely to remain below 1985 levels during the next few years. However, the probable lower production alone will not be sufficient to reduce surplus stocks. Therefore, sharp increases in disappearance will be necessary to actually lower stocks significantly.

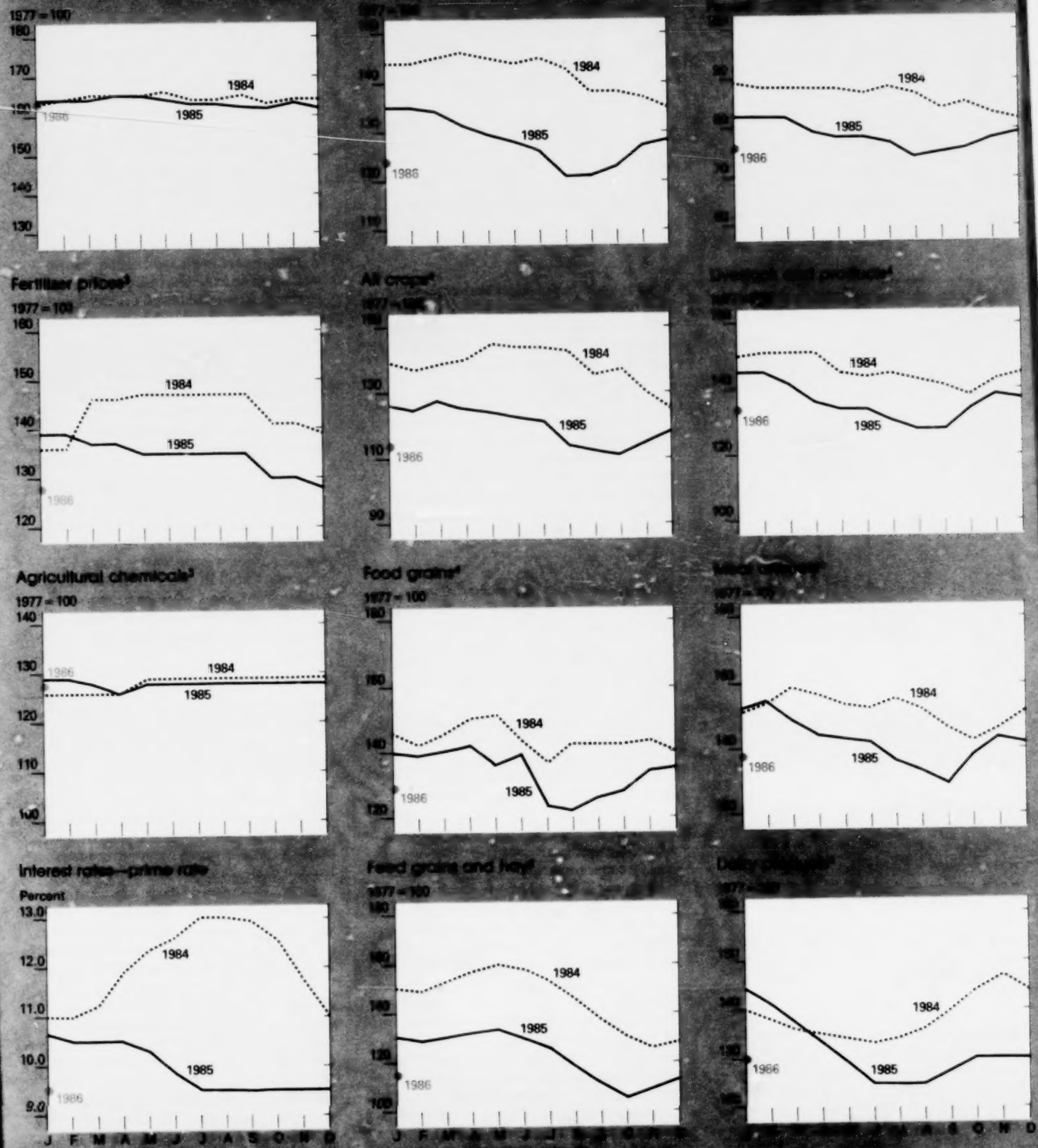
Domestic use of grain and cotton will likely increase because of lower market prices. However, most Americans already consume adequate quantities of food and clothing. Therefore, the domestic demand increase resulting from lower commodity prices is not likely to contribute significantly to lower ending stocks.

U.S. exports of farm products should get a boost from lower prices, although how much during each season is the big question. During 1972/73-81/82, combined U.S. wheat and coarse grain exports averaged 57 percent of world trade in those commodities. In 1985/86, U.S. wheat and coarse grain exports are estimated at 76 million metric tons, just 41 percent of world trade. The new pricing policies will lead to a rebound in U.S. exports. For the farm bill to succeed,

U.S. Wheat & Coarse Grain Output Exceeded Trend in Three of Past Four Crop Years



Prime Indicators of the Agricultural Economy



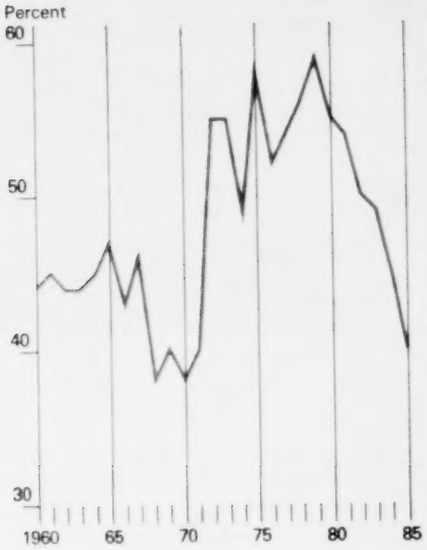
[1]For commodities and services, interest, taxes, and wages.
[2]For all farm products.
[3]Index of prices paid, 1977 = 100.
[4]Index of prices received, 1977 = 100.

Net Returns for Corn*

	1985		1986	
	Participant	Non-participant	Participant	Non-participant
Planted acreage	900	1,000	800	1,000
Market return	$269,000	$271,000	$182,000	$220,000
Program benefits	$47,000		$90,000	
Variable costs	$137,000	$150,000	$125,000	$150,000
Returns minus variable costs	$179,000	$121,000	$147,000	$70,000
Ratio, participant's returns to non-participant's	1.5		2.1	

* Example assumes a 1,000-acre corn base, national average yields, loan-rate prices, and variable costs from ERS surveys.

U.S. Share of World Trade in Wheat & Coarse Grains Has Declined Every Year Since 1979/80



farm exports must come closer to their 1970's share of world markets during the next several seasons. [*Terry Townsend (202) 786-3313*]

LIVESTOCK HIGHLIGHTS

Lower grain prices and the whole-herd dairy buyout program of the 1985 farm bill will affect livestock producers in 1986.

The impact of lower grain prices on farm incomes and land values, particularly on mixed crop-livestock farms and dairy farms, is uncertain. Many producers have had cash flow and debt repayment difficulties since 1982. Whether the need to generate additional cash by selling a larger proportion of female stock will outweigh the usual expansionary incentives of lower feed costs, at least in the short run, remains hard to assess.

Dairy producers are being encouraged to leave the industry. But lower feed costs will partially offset and blunt the impact of lower effective milk price supports. Also, lower market prices for grains and the need to have an established base in order to receive program benefits will limit alternatives to dairying.

Acreage diverted to conserving uses under the crop programs can be used for grazing, except for the 5 months designated for each crop. In 1986, both haying and grazing will be allowed. Also, lower grain target prices after 1987 and lower dairy support prices may remove some land from use in grain and dairy production. This will increase the forage base, and when used with an existing pasture-range base, could allow expanded herd-carrying capacity.

The cattle inventory has declined to 105.5 million head, but the present forage base can support 116 to 120 million head. The expanded capacity would be particularly important during a drought. Sodbuster and swampbuster provisions could also expand the grazing base. [*Ronald Gustafson (202) 786-1830*]

• *Cattle*

The whole-herd dairy buyout provision of the new farm bill is a major topic of conversation among beef cattle producers. The rate and timing of slaughter are uncertain because program participation is unknown. Every 100,000 cows slaughtered result in about 50 million pounds of beef product weight. However, cow slaughter for 1986 may still be down 3 to 5 percent from a year earlier. Cow slaughter as a percent of the cow herd inventory may be near 16 percent for the year, about the same proportion as last year.

The new bill also requires USDA to purchase an additional 400 million pounds of red meat, half for export or military use and half for domestic use (such as in school lunch programs). This requirement is intended to buffer the livestock industry from the larger supplies of cow beef coming on the market from the whole-herd buyout.

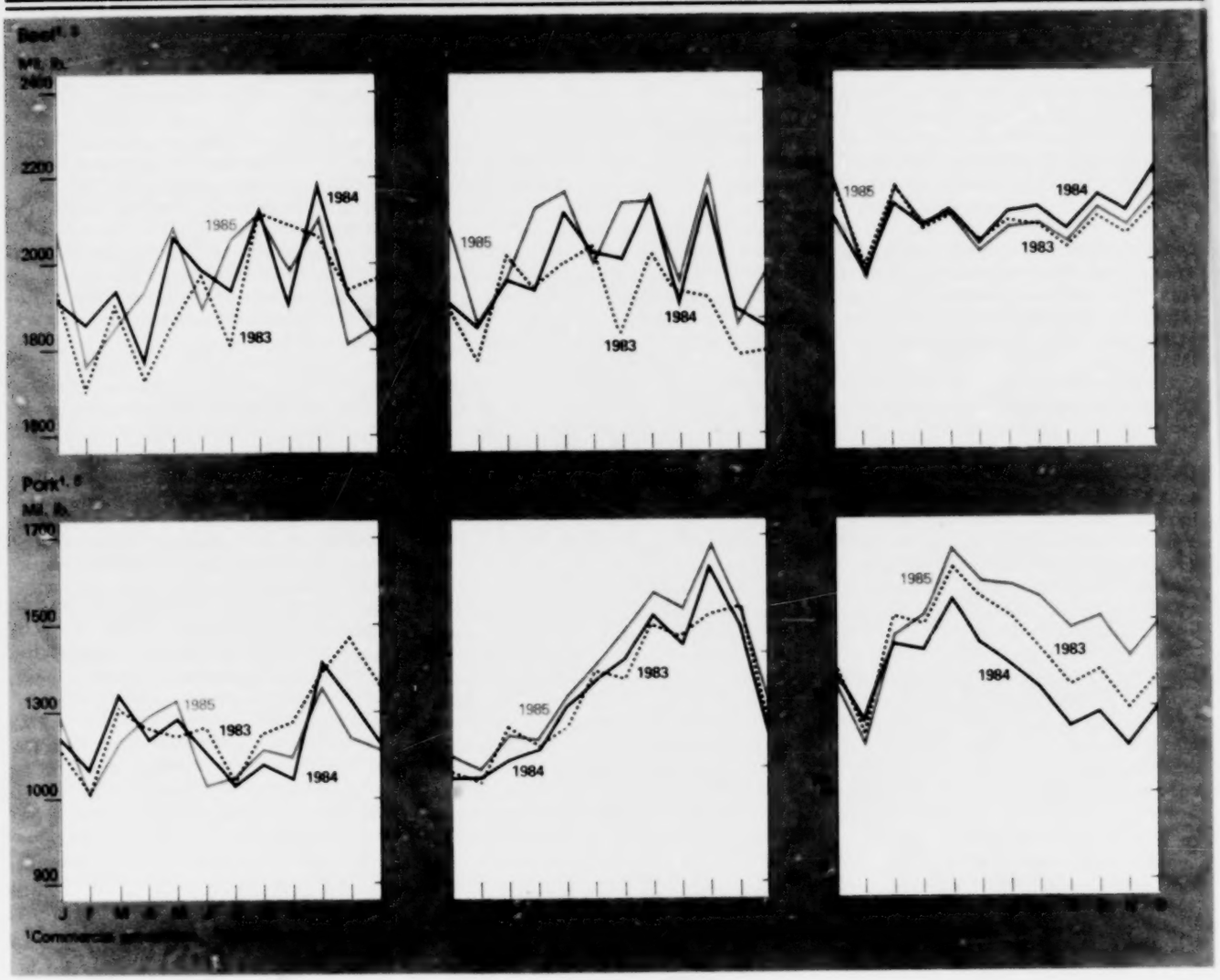
The January 1 13-State quarterly *Cattle on Feed* report indicated cattle feeders continued to exercise caution through fourth-quarter 1985 and placed 4 percent fewer cattle on feed than a year earlier. Feeding margins likely remained positive on cattle placed during the fourth quarter. But, the industry stayed somewhat pessimistic, reflecting uncertainty over pending tax legislation and the possible effects of the dairy legislation.

Fed cattle marketings during the fourth quarter fell 6 percent below a year earlier, somewhat lower than the October 1 *Cattle on Feed* report had suggested. Some heavier weight cattle from 1985 were marketed in early 1986. Cattle on feed on January 1 were down 9 percent from a year earlier. Overall, the report supported forecasts of a stronger cattle market.

Beef production for 1986 will likely decline 3 to 5 percent from 1985. Fed cattle marketings during the first half will probably be down 2 to 4 percent from a year ago. However, fed slaughter as a percent of total slaughter is likely to remain near 1985's 72 percent. Weights will decline from 1985 records, but will still be high because of the large percentage of fed cattle in the slaughter mix.

Choice steer prices strengthened last fall but weakened in January. However, as beef supplies continue to fall, prices should climb back to the mid-$60's.

Feeding activity should pick up as Choice steer prices strengthen. In addition, grain prices will likely remain low throughout the year. With lower grain prices and reduced cost of gain, cattle will likely be placed on feed at lighter weights. Consequently, as cattle feeders take advantage of less expensive gain on lighter weight cattle (which are typical-



ly marketed at lighter weights), slaughter weights in 1986 will probably decline. In addition, producers had to take large price discounts on overweight cattle last year, so they will likely hold the weights down this year.

Cheaper grain will also bode well for the cow-calf producer. Each 25-cent decrease in corn prices results in an increase of about $2.00 in the price cattle feeders are able to bid for feeder cattle, with all other factors held constant. So, as grain prices and the supply of feeder cattle decline, yearling steer prices should strengthen, to average in the middle to upper $60's this year. Kansas City yearling steers may average in the low to middle $60's during the first quarter, then peak in the upper $60's this spring.

Utility cow prices at Omaha are likely to average only slightly above 1985. Prices will remain weak primarily because of little price strength throughout the cattle industry. Additional cows from the dairy slaughter may also pressure prices.

Retail beef prices averaged $2.33 a pound in 1985, a result of the record fed cattle weights and continued large beef supplies. This was the lowest annual average beef price since 1979. From 1980 to 1984, beef prices ranged from $2.38 to $2.42 a pound.

The trigger level for meats imported under the 1979 Meat Import Law was set at 1,440 million pounds for 1986. The 1986 trigger is up from 1985's 1,319 million pounds, reflecting expected lower domestic cow slaughter. Total beef imports this year are expected to rise slightly from 1985. [*John Nalivka (202) 786-1830*]

• *Hogs*

Based on the December 1 inventory of market hogs and farrowing intentions, commercial pork production may total 14 billion pounds in 1986, down 2 percent from last year. Hog prices are expected to average in the middle to high $40's, compared with $45 per cwt last

year. Thus, farrow-to-finish producers' returns are expected to improve over 1985 because of higher hog prices and lower feed costs.

The Food Security Act of 1985 could have a major effect on hog producers. In the North Central States, where about four-fifths of U.S. hogs are raised, most producers also raise substantial amounts of corn and soybeans. Farms with the largest farrow-to-finish and feeder pig-finishing operations typically produce over 800 acres of corn and soybeans. The 1985 act grants the Secretary of Agriculture wide authority to make quick changes in crop programs. These changes could make substantial differences to hog producers, especially in feed costs, which often account for up to two-thirds of cash costs.

Historically, cheap corn and improved returns have led to an expansion in hog numbers. However, if corn remains relatively cheap and returns improve, it does not mean producers will begin expanding their breeding herd this year, because the structure of the hog industry has changed.

In the 1980's, because of generally poor returns, smaller producers gave way to larger ones, and hog production became more specialized and concentrated. For these small producers, the price of corn was the most important variable in hog production. Today's large producers are much more capital-intensive. In addition to a favorable corn price, their financial position has to improve enough that they can afford to save the necessary female stock and bring idle facilities back into production. If current price projections are realized in 1986, farrow-to-finish hog producers should about cover cash and replacement costs, especially the larger, more efficient producers. [*Leland Southard (202) 786-1830*]

• *Broilers*

Broiler producers are enjoying favorable returns because of continued strong chicken prices and low feed costs. The January composite price of whole broilers averaged 52 cents a pound, about the same as January 1985's 53 cents. During first-quarter 1986, prices may average 49 to 53 cents, near last year's 51. With more production expected, prices in the second quarter may average 48 to 52.

Plentiful feed supplies at lower prices will encourage additional broiler production in 1986. Currently, further expansion may be limited by a shortage of inspection services and poultry grow-out facilities. But new facilities now being built are expected to alleviate housing shortages, and inspection rules and procedures are being changed to help offset the shortage of inspection services.

Broiler production in first-quarter 1986 may be up 5 percent from last year's 3,229 million pounds, partly because of larger birds. Output in the second quarter may again be up 5 percent from 1985, especially if weights continue heavier. [*Allen Baker (202) 786-1830*]

• *Turkey*

Prices for turkey have dropped sharply from fourth-quarter 1985, putting producers' returns slightly below breakeven. Prospects for profits in 1986 are not favorable, even though costs will likely remain low.

As a result of better profits in second-half 1985, producers sharply increased the number of poults placed for first-quarter 1986 slaughter. This quarter's output of turkey meat from federally inspected plants may be 14 percent larger than the 482 million pounds produced in winter 1985. During the second quarter, output may also be up 14 percent from a year earlier. On December 1, turkey producers in the major producing States intended to increase the number of turkeys raised in 1986 by 10 percent from 1985.

The prices of 8- to 16-pound hen turkeys averaged 60 cents a pound in January, down from 74 cents a year earlier. Prices in the first quarter may average 58 to 61 cents, down from 69 last year. Prices may slip a little in the second quarter and average 56 to 60 cents, down from 65 last year. Prices in second-half 1986 will likely strengthen from the first half.

Stocks of frozen turkey on January 1 were 31 million pounds above 1985's very low 125 million. Still, these stocks imply that there was excellent movement of turkey over the holidays and that consumption per person probably rose. [*Allen Baker (202) 786-1830*]

• *Eggs*

Continued strong egg prices and low feed costs have meant favorable returns for egg producers in late 1985 and early 1986. Production costs may decline further in 1986 if energy costs and feed ingredient prices decline further, as expected.

The improved returns have encouraged producers to order additional replacement pullets. The layer hatch in fourth-quarter 1985 was above the same period of 1984. Assuming 5 to 6 months for these pullets to enter the laying flock, more pullets will be in the flocks in March and during the second quarter than a year earlier. The number of replacements hatched in 1985 was very low compared with previous years, so 1986 numbers will probably continue above 1985.

Egg production in first-quarter 1986 will likely be level to down 1 percent from 1985. The number of hens, as well as the rate of lay in January and February, likely was below last year. However, in March the additional pullets will help to stabilize flock numbers and the rate of lay. Producers will likely be encouraged to hold their old hens to provide additional eggs for the Easter market. The rate of lay in the rest of 1986 should be near 1985. With additional hens, production in the remainder of 1986 may be the same to 1 percent above 1985.

Prices for cartoned Grade A large eggs in New York during first-quarter 1986 may average 70 to 73 cents, up from 62 cents in 1985. Prices may be above last year in second-quarter 1986, but below 1985 in the second half. However, if the lower feed grain loan rates result in weak feed prices, second-half net returns may remain favorable for egg producers. [*Allen Baker (202) 786-1830*]

• *Dairy*

The dairy year is starting with a large cow herd and big gains in production. But, it may be a turning point for the industry because of the Food Security Act of 1985. Production may be slowing as the effects of last July's support price reduction are seen. Also, financial pressures on milk producers will intensify. The Gramm-Rudman-Hollings bill will result in discounts equivalent to a support-price cut of 55 cents per cwt on March 1, followed by a 40-cent-per-cwt assessment on April 1.

In most areas, these reductions will not be offset by the increase in Class I differentials specified by the bill. (The

higher differentials will add about a dime to the U.S. average price.) However, pressures are expected to ease somewhat in the second half of 1986 because of lower feed prices resulting from the bill.

The biggest impact on milk production probably will come from the herd buyout program. Producers may submit bids based on their marketings during July 1984-June 1985 or their calendar 1985 marketings, whichever total is less. If the bid is accepted, the producer must sell all female dairy cattle for slaughter or export and have no interest in milk production or dairy cattle for 5 years. The exiting producer's facilities also cannot be used for milk production, but sales of equipment will be allowed. The bill aims to remove 12 billion pounds of capacity by September 1987.

Producers willing to leave dairying early might bid lower than other producers who wish to re-enter the industry. Producers exiting permanently likely will bid enough to cover their capital losses (from selling dairy cattle for beef and from abandoning their facilities), income losses from changing their livelihood, and any other losses. A producer who intends to re-enter the industry will also want to be compensated for the costs of returning. Thus, bids are expected to vary greatly.

A producer with worn-out facilities who might easily find good alternative employment may bid much less than a producer with newer facilities, who wants to retire 4 years early, and will be left without a market for large amounts of silage. The buyout signup period is from February 10 until March 7. Therefore, the effective reduction in output can be estimated starting in early spring.

Commercial use of dairy products grew rapidly in 1985, but still lost the race with rising milk production. Purchases under the price support program totaled 13.2 billion pounds milk equivalent (milkfat basis), up from 8.6 billion in 1984 and the third highest on record. Removals were below the previous 2 years in the first quarter as the diversion program drew to an end. However, fourth-quarter purchases were far above a year earlier and virtually equal to the 1983 record.

Milk production reached 143 billion pounds in 1985, up 6 percent from a year earlier. Output moved above a year earlier in March and ran about 10 percent above during the second half of the year. Compared with the 1983 record, 1985 output was up 2.5 percent and ended the year with December production up more than 5 percent.

Commercial disappearance of milk and dairy products reached 130.5 billion pounds last year, up 3 percent from 1984. Sales gains resulted from declining real retail prices, continuing economic strength, and expanded promotion.

As a result, commercial stocks were fairly low at the end of 1985. Holdings were equivalent to less than 4.6 billion pounds of milk, the lowest since 1978. Part of the ample supplies of milk expected during the first half of 1986 will go to rebuilding commercial stocks. [*James Miller (202) 786-1830*]

CROP HIGHLIGHTS

• Wheat

Winter wheat growers planted 54 million acres last fall, down 7 percent from a year earlier and the smallest acreage in 7 years. Growers had to make their planting decisions without firm knowledge of the 1985 farm bill. Although too much rain in some areas and dryness in other regions may have influenced final seedings, ultimately producers had to guess how much acreage they would need to leave idle to qualify for 1986 wheat program benefits. Below-loan-level market prices and extremely slow exports probably led producers to conclude that program participation would be critical, and signup in the 1986 program could account for 9 out of every 10 wheat base acres.

Indicated acreage is down 6 percent in the Hard Red Winter areas of the Great Plains. Nebraska seedings were down 12 percent to the lowest in many decades. Producers of Soft Red wheat in the Central States increased plantings from 1985, but these were offset by significant decreases in the Southeast, caused by a late soybean harvest. Total 1986 Soft Red wheat seeding about matches 1985's low level. Wheat seeding in the Pacific Northwest was about 10 percent less than a year ago.

Although fewer acres are likely to be harvested this summer, yields above last season's average of 37.4 bushels per acre may keep total 1986 production about the same as 1985's 2.4 billion bushels.

Virtually all of the world's 1985/86 wheat is harvested, and production is forecast at 503 million tons, down 11 million from 1984/85. Argentine production is expected to total only 8.5 million tons, the smallest since 1981/82, because of heavy rains and severe flooding. Steady rainfall during November and December also damaged portions of the crop in the Australian states of New South Wales and Victoria, but the loss in quality is far less than previously anticipated.

Brazil's wheat harvest continues to astound analysts; the estimated 4.1-million-ton crop is more than double last year's output and is 25 percent larger than the 1976 record. While the prolonged drought is causing extensive damage to Brazil's summer crops, it resulted in excellent conditions for harvesting wheat.

World wheat trade is forecast at 90 million tons for 1985/86, down 17 million from last year. The smaller-than-expected harvest in Argentina will limit export availabilities to about 4 million tons during the next 10 months. Preliminary statistics from the major exporters indicate that world trade during July-December 1985 amounted to only 43 million tons, down 12 million from a year earlier. U.S. wheat exports during the period declined 10 million tons to only 14 million, because of the reduced imports by the Soviet Union, China, and Brazil and uncompetitive U.S. export prices.

As of mid-February, 16 initiatives had been announced under the Export Enhancement Program, with 13 for wheat, wheat flour, and semolina. Under these initiatives, 4.3 million tons of wheat, 964,000 tons of flour, and 250,000 tons of semolina could be exported. As of February 12, actual sales had reached 2.2 million tons of wheat and 323,000 tons of flour.

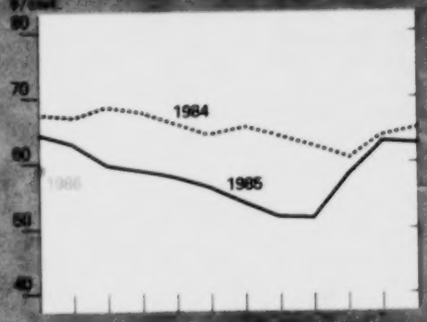
Sales of wheat and flour under the program have accounted for over 25 percent of U.S. sales since mid-September 1985. [*Allen Schienbien (202) 786-1840 and Scott Reynolds (202) 786-1691*]

• Rice

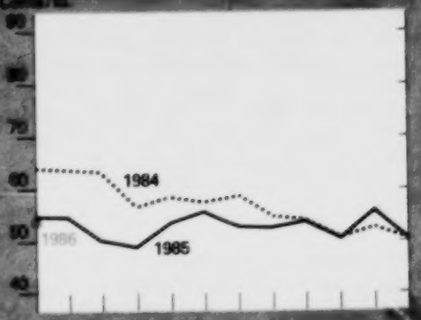
Large supplies combined with weak export demand continue to depress the U.S. rice market. Exports, which account for over 50 percent of U.S. rice disappearance, have fallen nearly 40 percent since 1980/81. They are plummeting because rice production in other countries has been increasing faster than consumption, and world prices have been falling relative to U.S. prices.

Commodity Market Prices: Monthly Update

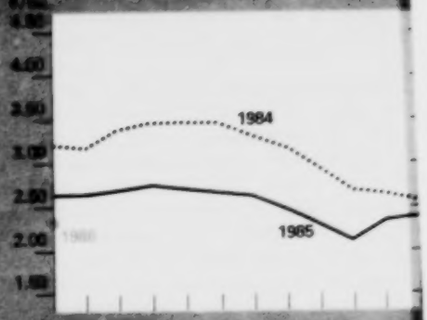
Choice steers[1]



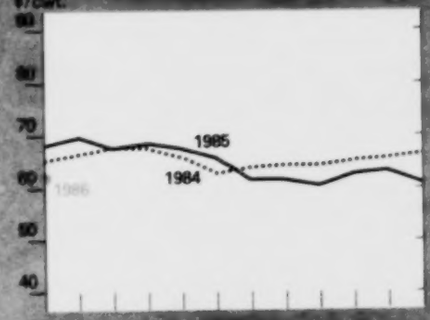
Broilers[2]



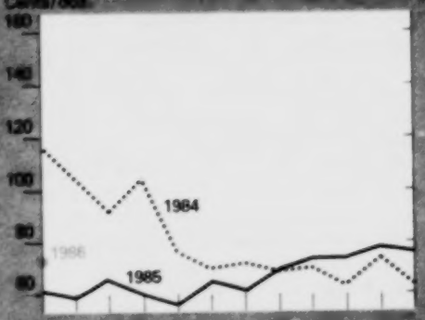
Corn[3]



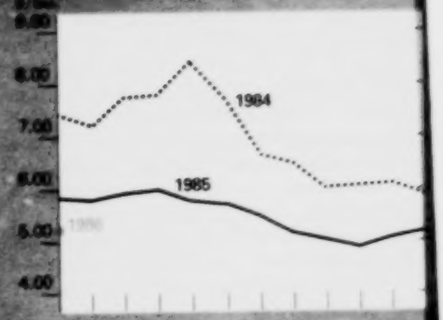
Choice feeder cattle[1]



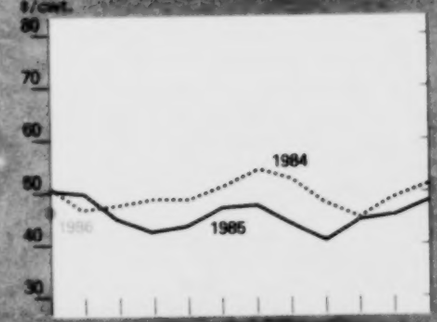
Eggs[4]



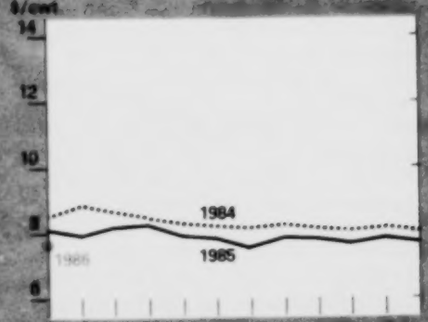
Soybeans[3]



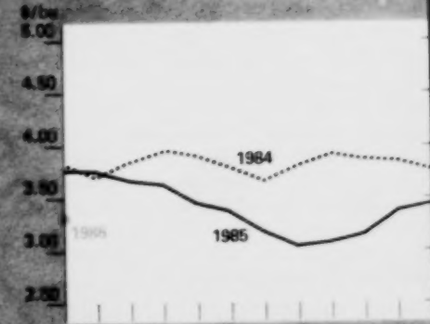
Barrows and gilts[1]



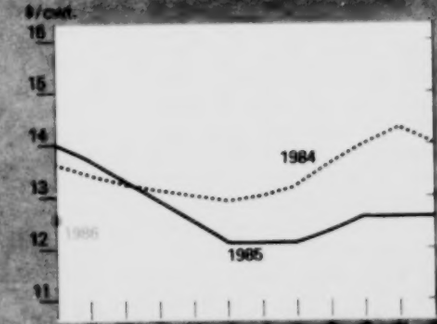
Rice (rough)



Wheat[5]

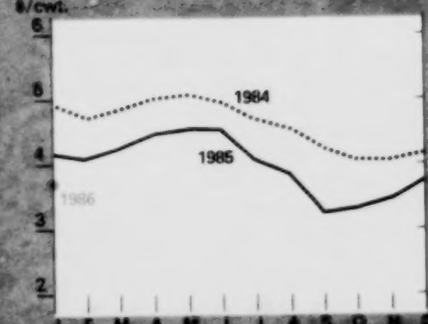


All milk

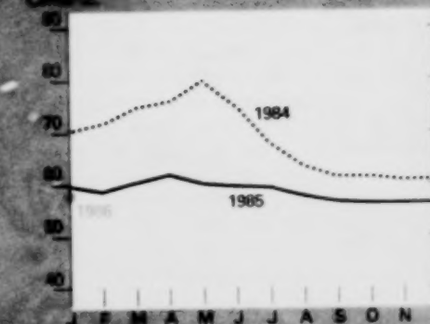


[1]Omaha. [2]Ready-to-cook. [3]Kansas City. [4]Wholesale, New York. [5]Grade A Large, New York.

Sorghum grain



Cotton[6]



[6]No. 2 Yellow, Chicago. [7]No. 1 Yellow, Chicago. [8]No. 1 HRW, Kansas City. [9]Average spot market, SLM 1-16."

World rice trade has slowed considerably in recent weeks as traders attempt to sort out implications of the new U.S. rice program. The new legislation permits rice farmers to repay their loans beginning with the 1985 crop at the world market price, which USDA will determine. The net effect will be a sharp drop in U.S. rice prices in both domestic and foreign markets beginning in April.

Class rates for 1986 rice loans have been announced. The whole kernel milled rice loan rate is $12.44 per cwt for long grain, down from $14.53 this year, and $10.44 per cwt for medium and short grain, down from $10.50 this year. The broken kernel rate for all classes is $4.98 per cwt, down from $6.02 for 1985.

World rice production in 1985/86 is forecast at 314 million tons, milled basis (461 rough basis), a reduction of 5 million from last year. China's production is expected to reach 117 million tons, down 8 million from last year, but still a hefty 37 percent of the world's total. The decline in China's production resulted from reduced price incentives for farmers and less favorable weather than last year.

The extended drought in Brazil has lowered expected yields there and may require Brazil to import 600,000 tons in calendar 1986. Brazil was recently granted $50 million of GSM-102 credit guarantees for U.S. rice purchases in fiscal 1986. The U.S. rice industry is looking forward to selling large quantities to Brazil for the first time, and the timing of the reduction in loan repayment rates favors entrance into this new market.

Changes in U.S. farm policy are affecting agriculture in other countries. Thailand's paddy rice program, a Government program to support farm prices, would have been difficult to implement and enforce during any period, but it was particularly ill timed in the face of U.S. price-cutting policy. Given uncertainty over future U.S. export prices, Thai rice millers slowed their rough rice purchases from farmers, thereby depressing Thai domestic prices and foiling the Government's efforts to raise farm prices. [*Janet Livezey (202) 786-1840 and Scott Reynolds (202) 786-1690*]

Feed Grains

The final estimate of the 1985 corn crop is 8.9 billion bushels, 16 percent above last year and 8 percent above the previous record. Carryout is projected at 3.4 billion bushels. Total feed grain carryout for 1985/86 is projected at 110 million metric tons, putting more pressure on farm prices already below the loan rate. The recently announced 1986-crop loan rate of $1.92 a bushel for corn and the announcement of advanced in-kind deficiency and diversion payments will further limit seasonal strength in 1985/86-crop prices.

Corn feed use in 1985/86 is not likely to increase from last season's 4.1 billion bushels, because animal inventories and meat production forecasts are down. Also, 1986-crop loan rates may favor feeding new-crop wheat or early feed grains instead of old-crop corn this summer. The marketing year for barley, oats, and wheat begins in June, but lower corn loan rates will not apply until the corn harvest gets under way in summer and fall.

The reduced corn loan rate will likely affect U.S. exports. Already, in the first quarter of the crop year, at least 50 percent of the 1985/86 export forecast of 1.6 billion bushels has been either shipped or sold. During the next few months, sales activity should continue at a brisk pace. However, summer-quarter sales will likely suffer considerably as importers delay purchases until fall in anticipation of sharply reduced prices.

U.S. corn exports are likely to increase significantly in 1986/87 as sharply reduced loan rates result in lower (and therefore more competitive) U.S. export prices. A global grain surplus and relatively high U.S. prices resulted in shrinking total import demand and reduced U.S. market share. U.S. corn sales fell from 50 million tons in 1981/82 to only about 41 million in 1985/86—a 17 percent decline. At the same time global sales declined by about half that amount. The farm bill and the Secretary's decision to reduce 1986 loan rates by the maximum amount allowed should reduce these downward trends and increase U.S. exports in both absolute and relative terms.

The response of foreign producers and consumers to the new U.S. prices will determine the magnitude of the increase in U.S. grain exports next year. Foreign coarse grain production is forecast at 570 million tons in 1985/86, only slightly below last year, but 4 percent above 1983/84.

Over the past 2 years, foreign consumption of coarse grains has risen only marginally. Initial gains in U.S. exports are likely to come from expansion in U.S. market share. The bulk of coarse grain utilization is animal feed for meat, milk, and egg production. Therefore, an increase in the rate of growth of global coarse grain consumption (and a resulting increase in U.S. sales) is not expected in 1986/87. The lag between economic incentives (in this case lower feed costs) and increased animal productivity and inventories will likely be at least 2 years. [*David Hull (202) 786-1840 and James Cole (202) 786-1691*]

Oilseeds

Soybean meal prices are up substantially from last summer, causing domestic disappearance to slow. Large wheat feeding during next July-September is likely to further dampen demand for soybean meal. Therefore, despite a fast start this season, soybean meal use in 1985/86 is expected to remain about the same as in 1984/85.

In contrast to meal, soybean oil prices have plummeted in recent months. Ample supplies of competing fats and oils, particularly Malaysian palm, plus continued availability of soybean and sunflower oil from South America have contributed to the fall. Soybean oil prices are forecast to average 18-22 cents a pound in 1985/86.

U.S. soybean stocks are expected to reach a record 520 million bushels by season's end. The stocks-to-use ratio, 27.5 percent, will be second only to the 34.6 percent in 1968. By the end of 1985/86, CCC-owned stocks and stocks under loan could exceed 400 million bushels, the highest since 1968.

The global outlook for oilseeds in 1986/87 is beginning to take shape now that the new U.S. farm legislation is in place. However, 1986/87 loan rates cannot be announced before August 1. For soybeans, the basic loan rate for the 1986 crop is $5.02 a bushel, but the Secretary can lower the loan rate 5 percent to $4.77. The Secretary has already announced corn and wheat loan rates at the lowest levels possible.

Developments during the remainder of 1985/86 will continue to have an impact on 1986/87 prospects. Record world oilseed production is anticipated in 1985/86, despite the drought in Brazil. Brazil's soybean crop may drop nearly 5 million tons from a year ago, but the U.S. crop is up more than 6 million tons, and Argentina may produce about a million more than in the previous year. Unexpected large Soviet purchases of soybeans in January, along with Brazil's drought-reduced crop, could lead to a 25-percent improvement in U.S. shipments. Exports are forecast to reach 750 million bushels in 1985/86. Soviet purchases of U.S. soybeans total nearly 43 million bushels, the most since 1978/79.

U.S. sales should continue to rise during early 1986/87. Anticipated lower loan rates and prices will tempt buyers, while Brazil will have marketed most of their reduced 1985/86 crop during the current U.S. marketing year. In fact, Brazil could purchase 1 million tons of soybeans during the first part of 1986/87. However, the 1986/87 Brazilian harvest could lead to renewed export competition for the remainder of the U.S. crop year. [*Roger Hoskin (202) 786-1840 and Jan Lipson (202) 786-1691*]

• *Cotton*

World cotton prices, as measured by the Outlook A Index (Northern Europe), moved up 7 cents a pound from late November to early February, because exportable supplies in Central America, Africa, and Australia have been committed for sale. Also, reports of weather problems in several Southern Hemisphere countries raised price quotations.

Although the 1985 farm bill will allow U.S. cotton prices eventually to become competitive, current U.S. prices are around 15 cents a pound above the A Index. In early February, nearby New York cotton futures were around 60 cents a pound, while new-crop futures were below 50 cents. Nearby futures partly reflect the price required to bid cotton out of the loan program.

It was earlier thought that free stocks of cotton would become increasingly tight this summer and early fall. However, this problem should be alleviated by the inventory protection provision of the 1986 upland cotton program which should encourage redemption of many 1985/86 loans. Under the inventory protection plan, a payment (in negotiable certificates) will be made on all free stocks of cotton held on August 1, 1986. The payment will be equal to the difference between the 1985/86 loan rate of 57.3 cents a pound plus carrying charges and the world price of cotton on August 1.

U.S. cotton exports during 1986/87 could increase sharply from the estimated 2.8 million bales this season. However, the amount of increase will depend partly on whether ample free stocks exist at the start of the season. Domestic mill use, estimated at 6.1 million bales in 1985/86, could also rise. Therefore, total use in 1986/87 could move back toward the long-term average of 12 million bales, compared with this season's 9 million.

Cotton acreage in 1986/87 will not likely be substantially below 1985, because the acreage reduction is limited to 25 percent. Alternative crops, such as soybeans, cannot compete with the 1986 cotton program, which features an 81-cent target price and a 55-cent basic loan rate. However, final acreage will depend on the extent to which growers use the underplanting provision in the farm bill, which allows a grower to collect deficiency payments on 92 percent of his permitted acreage, provided at least 50 percent of the permitted acreage is planted. [*Sam Evans (202) 786-1840*]

• *Tobacco*

U.S. cigarette consumption in calendar 1985 may have been off about 1 percent from a year earlier. The decline led to a corresponding drop of about 1 percent in U.S. cigarette output for the year. Consumption of cigar and smoking tobacco was also down, but snuff consumption was up.

U.S. exports of unmanufactured tobacco during 1985 were up 1 percent to 549 million pounds from 1984's 543 million. Flue-cured exports were down 5 percent, but burley exports were up 39 percent. Among other kinds of tobacco, Maryland, cigar types, dark air-cured, and dark fire-cured exports were all up. Export prospects for 1986 are a little brighter, because of reduced U.S. prices, the high-quality burley crop, and some weakening of the U.S. dollar.

Imports of unmanufactured leaf and processing scrap accounted for 37 percent of all tobacco used by U.S. manufacturers in 1984/85. During 1984/85, 36 percent of tobacco used in cigarettes and 50 percent of that used in other products was imported. Imports for consumption in 1985 were 433 million pounds, about 4 percent higher than a year earlier.

Burley auction sales recessed from January 14 to February 3 because dry weather prevented preparation of tobacco for market. Through February 12, about 540 million pounds of the burley crop had been sold. About 25 million pounds more burley will probably be sold this season. Burley auction prices are off 28 cents a pound from a year ago. Under legislation passed on November 15, 1985, price supports were reduced 26 cents a pound from 1984/85 and 30 cents from the previously announced level for 1985/86.

As of early February, auction sales for dark air-cured and dark fire-cured kinds were continuing. Prices for fire-cured are a little higher than last year, but air-cured prices are a little lower.

The 1986 allotments for several types of tobacco were announced on January 31. Kentucky-Tennessee fire-cured allotments were reduced 12.5 percent and dark air-cured quotas were reduced 25 percent. Cigar filler and binder (types 42-44 and 53-55) were lowered 20 percent. Virginia fire-cured, Virginia sun-cured, and cigar binder (types 51-52) remain about the same as a year earlier.

The latest date for announcing the 1986-crop burley quotas was changed from February 1 to March 1 because of pending legislation that could change the quota-setting procedure and the method of calculating price supports. Also, the date for the referendum on continuing the flue-cured price support program for 1986-88 was postponed until March 15, or within 30 days after the proclamation of quotas under new legislation. Under the permanent legislation, the basic flue-cured quota was cut 2 percent, resulting in an effective quota about 5 percent lower than in 1985. [*Verner N. Grise (202) 786-1840*]

• *Peanuts*

The farm bill did not make any major changes in the peanut program, although some specific provisions were adjusted. After a onetime increase of 8.67 percent for 1986, the support price for peanuts grown within a domestic quota will be adjusted annually to reflect increases in production costs during the calendar year immediately

preceding the marketing year. Support prices for additional peanuts will continue to be set to ensure no loss to CCC. The Secretary will announce the level of support for quota peanuts no later than February 15 of each year.

The national poundage quota for peanuts for marketing years 1986 through 1990 will be set by the Secretary to equal estimated domestic use each year. The minimum poundage quota is 1.1 million tons. Secretary Block announced a 1986 quota of 1,355,500 tons, up 255,500 from 1985.

Growers voted in January in a mail referendum on whether poundage quotas and price supports will continue for the next 5 years. Of the 21,463 growers voting in the referendum, 97.4 percent supported poundage quotas. Because more than two-thirds favored poundage quotas, no referendum will be held for the second, third, fourth, and fifth years of the period. If more than one-third had voted against quotas, poundage quotas and price supports would not be in effect for the 1986 peanut crop. In the last referendum (1982), 94 percent of growers supported poundage quotas. [*Duane Hacklander (202) 786-1840*]

Vegetables

The Food Security Act of 1985 contains several provisions favorable to the vegetable industry, but will have little direct impact. The farm bill's free trade theme will give U.S. produce growers knowledge of unfair trade practices in foreign countries and should provide the groundwork for expanding foreign markets by eliminating specific trade barriers.

One provision relates to marketing orders, 13 of which cover 6 different produce items. The Secretary of Agriculture must give Congress 60 days' notice before canceling any vegetable marketing order. The farm bill also paves the way for more research on post-harvest handling, which in the long run will likely raise farm prices and reduce the farm-to-retail price spread for vegetables.

The 92/50 provision in the farm bill could be of particular importance to the vegetable industry. Participants in the commodity programs who plant at least 50 percent of their permitted acreage to the program crop will be eligible to receive deficiency payments on 92 percent of the permitted acreage, and the underplanted acreage may be devoted to nonprogram crops.

This provision is likely to have the greatest impact on crops that participating farmers have grown in the past, such as dry edible beans, potatoes, and onions. Lower loan rates for program commodities, for example $1.92 for corn, are likely to accelerate these crop shifts. Farmers are making dry bean planting decisions for 1986/87 based on the highest expected dry bean-to-corn price ratio since 1981/82, when they planted a record 2.4 million acres.

Growers tightened supplies of fresh vegetables this past winter because of low returns. Growers of broccoli, carrots, celery, and lettuce reduced acreage an average 8 percent, while cauliflower, sweet corn, and tomato growers increased acreage an average of 19 percent. However, the reductions came in the large-volume fresh-market vegetables, and thus, overall acreage declined 4 percent. Yields in 1985 were above average. For 1986, trend yields and indicated lower acreage could cause production of the seven major winter fresh-market vegetables in California and Florida to be 6-8 percent below last winter's 43.4 million cwt.

With expectations of lower supplies, the grower price index for fresh market vegetables rose to 186 (1967 = 100) in December. Growers are likely to continue receiving strong prices until spring, when supplies traditionally become heavy. [*Shannon Hamm (202) 786-1767*]

Sugar

The 1985 Food Security Act will not cause large changes in sugar consumption or domestic production. The possibility of a flat loan rate for the life of the act will likely discourage expanded production, but if domestic prices are high enough to prevent further forfeitures to the CCC, there should not be any large-scale decline either.

The most important sugar provisions of the farm bill are directed at managing the import quota. With domestic production nearly stagnant and sugar consumption forecast to bottom out in 1986, quota imports in the future should remain near this year's average monthly levels. For the 1986-1990 crops, the import quota is to be adjusted to prevent forfeitures of sugar loans to the CCC.

The sugar quota is an important variable in regulating domestic sugar supplies. Since 1980, as domestic sugar consumption decreased and the quota was reduced, sugar imports fell from over 5.0 million tons, raw value in 1981 to an estimated 2.2 million tons in 1985. Even with this decrease, imported sugar should account for 20-25 percent of 1986 consumption.

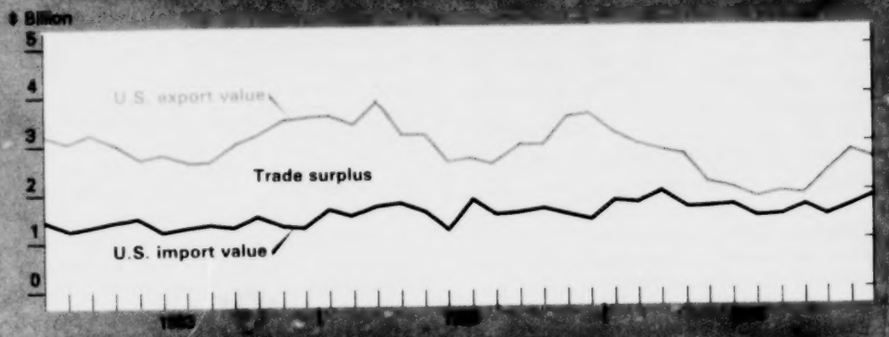
Two other provisions aimed at preventing sugar loan forfeitures apply only to the 1985 crop. If the first provision is implemented, the current quota year (December 1, 1985, to September 30, 1986) would be extended for an additional 3 months and the shipping schedule would be revised to distribute the shipments evenly over the revised quota year. This means the 1.85-million-ton import quota will be brought in over 13 instead of 10 months, thereby decreasing supplies. The second provision allows evaluation of a number of policy options that would have the same impact on loan forfeitures as a quota year extension.

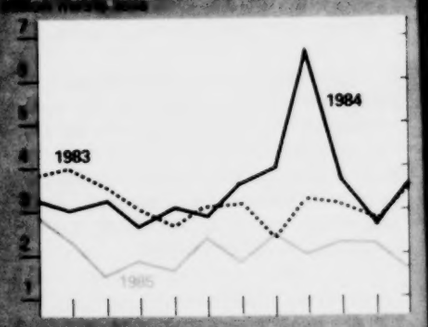
Beginning in 1985/86, no import quota will be allocated to a country that is a net importer of sugar unless the country can prove that it is not reexporting Cuban sugar to the United States. This provision is aimed chiefly at Canada, which is a net sugar importer buying on the world market from Cuba. All other quota holders are net sugar producers.

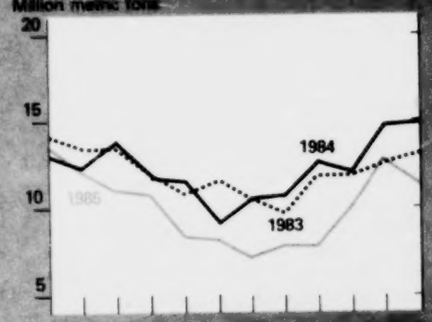
For the 1986-1990 crop years, the loan rate for raw cane sugar will be no less than 18 cents a pound. The loan rate can be raised based on changes in the cost of sugar products and the cost of domestic sugar production. As in the 1981 farm bill, the price for domestically grown sugarbeets must be supported at a fair and reasonable level in relation to sugarcane. The national average loan rates for 1985-crop raw cane and beet sugar are 18 and 21.06 cents a pound, respectively. The factors that could change the loan rate for beet sugar are changes in fixed marketing expenses or in the percentage net return from beet sugar relative to the raw sugar spot price.

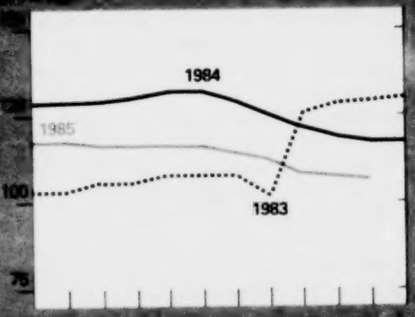
Another provision of the program protects sugarbeet and sugarcane growers from processors' nonpayment due to bankruptcy. Since this provision was made applicable to all nonpayments occurring after January 1, 1985, it was directed primarily towards growers for the Great Western Sugar Company. [*David Harvey (202) 786-1769*]

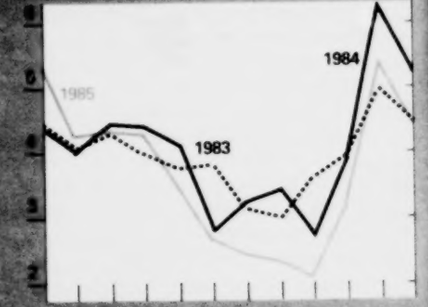
U.S. Agricultural Trade Indicators

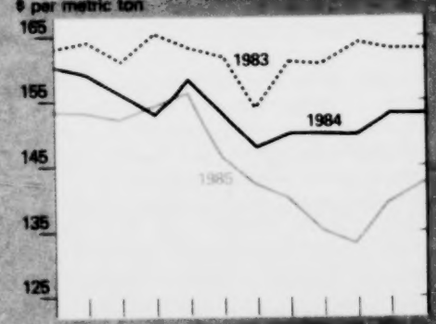


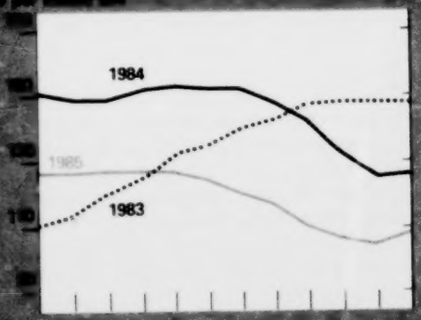


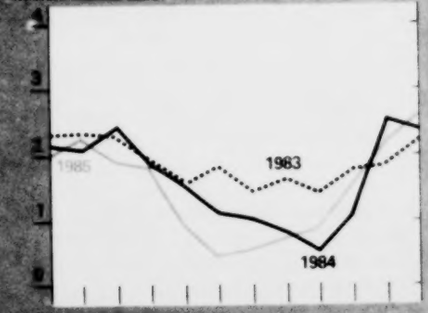


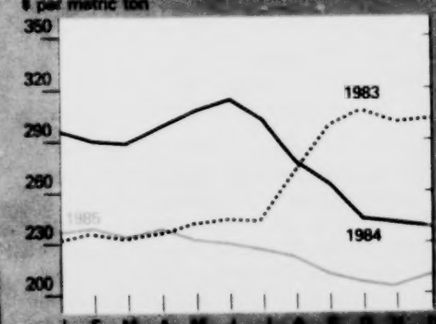


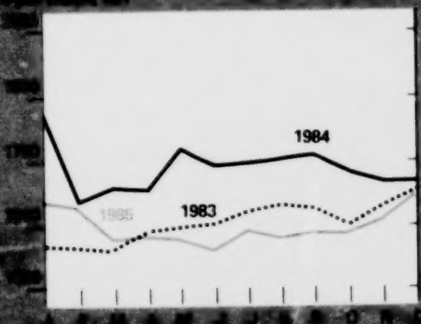


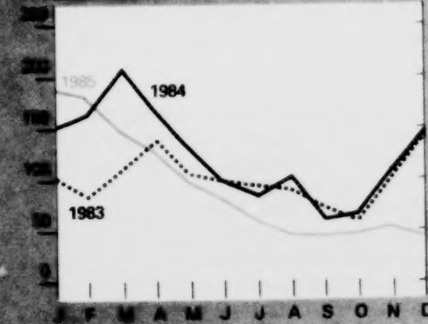












*Value of U.S. exports divided by [illegible], because the values, data, sources, and [illegible] differ, they are not included in the U.S. Agricultural Trade tables at the back of this issue.

Freeze, Lower Acreage Raising FCOJ Imports From Brazil

On February 1, the U.S. orange crop was forecast at 184 million boxes, virtually the same as the January and December forecasts, but 16 percent higher than last season and 8 percent above 1983/84. The Florida crop is estimated at 130 million boxes, 25 percent more than last year. Freezing temperatures in Florida on December 27 caused very little defoliation, except in cold pockets. The January 28 freeze lasted only a few hours so damage was again minimal.

The California crop of all oranges is forecast at 51 million boxes, 2 percent below last season. Arizona's forecast, 2.5 million boxes, is 2 percent above last season. The Texas crop of oranges is expected to be 300,000 boxes, well below production prior to the December 1983 freeze. Last season, no commercial supplies were harvested in Texas.

Although U.S. orange production is expected to increase from 1984/85, it will be well below the 1979/80 record because of sharply reduced acreage from freezes in Florida and Texas. U.S. orange-bearing acreage declined to 617,800 in 1984/85, the lowest since 1964/65.

Florida's orange acreage is shifting towards the east coast and lower interior regions because of land availability, lower freeze hazard, and adequate water supplies. On new orange acreage in southern Florida, improved production practices and higher planting density may offset high land values and low yields. However, Florida's production is not likely to reach the previous record of 207 million boxes for several years.

Florida has experienced four freezes in the 1980's, and some of the damaged acreage will not be replanted. In central Florida, damaged trees will be destroyed and some of the land may be developed for commercial and residential uses. Also, the citrus canker outbreak in 1984 destroyed much nursery stock, and new stock will take time to develop. Furthermore, the replantings that followed the 1983 and 1985 freezes will not bear large quantities of fruit for 5 to 7 years. With many immature trees on the freeze-destroyed land and use of low-yield areas in southern Florida, the State's overall yield per acre probably will be low for the next several years.

Orange-Bearing Acreage by States

Crop year	Florida	California	Texas	Arizona	United States
			Thousand acres		
1974/75	610.4	196.9	30.9	24.1	862.3
1979/80	576.6	185.7	28.0	15.7	806.0
1980/81	573.4	182.7	25.3	13.2	794.6
1981/82	560.2	179.7	23.7	13.5	777.1
1982/83	536.8	177.4	24.0	12.6	750.8
1983/84	474.3	177.5	24.3	12.6	688.7
1984/85	420.1	175.0	11.4	11.3	617.8

Acreage in Arizona and California has also declined and shifted. Larger drops have occurred in Valencia than in navel acreage. The major decline, which is in southern California, is due mainly to urban expansion, highway and factory construction, and use of land for other fruits. In contrast, because of the availability of water and lower land prices, more trees have been planted in central California.

Arizona's and California's orange production is not expected to change significantly in the near future, as lower acreage is projected to offset higher yields.

Texas faces more serious problems than Florida in replanting freeze-destroyed orange trees. The Texas growing area is concentrated in the Rio Grande Valley, where a severe freeze could easily devastate Texas' entire citrus crop. The December 1983 freeze disrupted growers' cash flow and reduced their incomes. High investment costs will discourage some growers from replanting.

As a result of the freezes and reduced U.S. orange acreage, the United States became a net importer of frozen concentrate orange juice (FCOJ) in the late 1970's. Brazil accounts for approximately 95 percent of U.S. FCOJ imports. Brazil is expanding its output and has become the largest orange-producing country in the world, and the residual supplier for shortfalls in U.S. production.

Brazil and the United States are the dominant suppliers of FCOJ to Canada. Before 1975, the United States held more than 60 percent of the market, but then Brazil's share rapidly increased, passing the 50-percent mark in 1970's. Florida's repeated freezes have contributed to the U.S. loss of market share as the supply of oranges for processing has declined. World demand for FCOJ is expected to continue to grow. However, Brazil will remain a strong competitor, and the U.S. share of world exports is not likely to grow.

U.S. orange growers maintained an 11-percent share of total world fresh trade over the last decade. Canada, Japan, and Hong Kong accounted for 83 percent of all U.S. exports over the last decade. Canada will continue to be the United States' largest customer. The Far East markets are expected to continue to grow if the U.S. dollar continues to weaken.

U.S. fresh orange exports to Japan will increase because of the relaxation of Japanese trade restrictions. However, exports to the European Community are likely to decline because of its trade agreement with certain Mediterrenean citrus-producing countries. Furthermore, Spain, the world's largest exporter of fresh oranges, will enjoy a phasing out of duties on oranges after joining the European Community this year.
[*Ben Huang (202) 786-1766*]

Farm Income

1986 OUTLOOK

Farmers' adjustments to reduce debts and lower capital expenditures will help maintain their cash flows in 1986. Also, lower production expenditures and continued high Government payments will temper the expected decline in cash receipts. Livestock producers should about maintain receipts because of higher prices. Further gains in off-farm income will improve the financial position of many farmers, especially those in the lower sales classes. However, because of a likely drop in the value of the inventory change, net farm income will decline.

The Food Security Act of 1985 will probably result in lower net CCC loan levels, and hence lower cash receipts, because of reduced loan rates. However, higher direct Government payments, particularly deficiency payments, should temper the drop in cash receipts, since target prices for most program commodities have been frozen at last year's levels.

Net farm income in 1986 is forecast to decline for the second consecutive year, despite a significant drop projected in total production expenses and cash expenses. Net farm income is currently forecast to total between $21 and $25 billion, following the expected $29 to $32 billion in 1985 and the record-high $34.5 billion in 1984.

Farm Income and Cash Flow, 1982-86

Item	1982	1983	1984	1985F	1986F
	Billion dollars				
Farm income sources:					
1. Cash receipts	142.9	136.3	141.8	140-142	130-134
Crops 1/	72.7	66.8	69.1	70-72	60-64
Livestock	70.3	69.4	72.7	69-71	68-72
Cash Government payments	3.5	4.1	4.0	7-9	10-13
Value of PIK commodities	0.0	5.2	4.5	0	0
2. Direct Government payments	3.5	9.3	8.4	7-9	10-13
3. Farm-related income 2/	2.6	2.5	3.0	2-4	2-4
4. Gross cash income (1+2+3) 3/	149.0	148.1	153.3	151-154	145-149
5. Nonmoney income 4/	14.0	13.1	12.9	11-13	10-12
6. Realized gross income (4+5)	163.0	161.2	166.2	163-166	156-160
7. Value of inventory change	-1.4	-10.6	7.8	-1 to 1	-6 to-2
8. Total gross income (6+7)	161.6	150.6	174.0	163-166	152-156
Production expenses:					
9. Cash expenses 5/ 6/	110.7	109.8	114.1	109-111	106-110
10. Total expenses	136.9	135.6	139.5	133-135	129-133
Income statement:					
Net cash income: 1/ 6/					
11. Nominal (4-9)	38.3	38.3	39.2	41-44	37-41
Deflated (1982$) 7/	38.3	36.9	36.3	36-39	31-35
Net farm income: 1/					
12. Nominal total net (8-10)	24.6	15.0	34.5	29-32	21-25
Deflated total net (1982$) 7/	24.6	14.4	31.9	26-29	18-21
Deflated total net (1967$) 8/	8.5	5.0	11.1	8-10	6-8
13. Off-farm income	37.9	38.8	40.0	40-42	40-44
Other sources and uses of funds:					
14. Change in loans outstanding 6/	7.3	3.5	-1.5	-9 to -7	-6 to-1
Real estate	4.0	2.5	-0.8	-5 to -4	-5 to-1
Non-real estate 9/	3.3	1.0	-0.7	-4 to -3	-3 to 1
15. Rental income	5.7	4.6	5.4	4-6	3-6
16. Gross cash flow (11+14+15)	51.3	46.3	43.1	38-41	38-42
17. Capital expenditures 6/	13.7	13.0	12.5	11-13	9-13
18. Net cash flow 1/ 6/ (16-17)	37.6	33.3	30.7	27-30	27-31

F=Forecast as of 02/11/86. 1/ Includes net CCC loans. 2/ Income from custom work, machine hire, farm and recreational activity, and forest products. 3/ Numbers in parentheses indicate the combination of items required to calculate a given item. 4/ Value of home consumption of farm products and imputed rental value of farm dwellings. 5/ Excludes depreciation and perquisites to hired labor. 6/ Excludes farm households. 7/ Deflated by the GNP implicit price deflator. 8/ Deflated by the CPI-U. 9/ Excludes CCC loans. Totals may not add up because of rounding.

Real Net Farm Income Likely To Total $18-$21 Billion

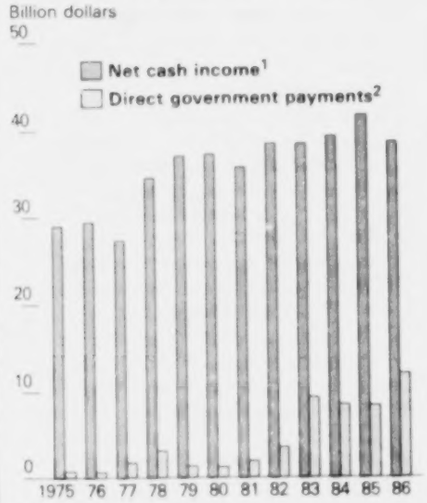
Real ($1982) net farm income for 1986 should total from $18 to $21 billion, compared with 1985's anticipated $26 to $29 billion. Net farm income is a measure of the income generated by a given calendar year's production, regardless of whether commodities are marketed, fed, or placed in inventory during the year. The projected fall in 1986 net farm income will probably come in part from reductions in both crop and livestock inventories.

Net cash income, the difference between gross cash income and cash expenses, is expected to fall to $37 to $41 billion in 1986. Net cash income likely rose from $39.2 billion in 1984 to $41 to $44 billion last year. Net cash flow, which likely registered a decline of up to a tenth in 1985, is forecast to be unchanged or slightly higher in 1986.

Cash Receipts Forecast To Fall 5-10 Percent

Cash receipts from crop and livestock marketings, which likely totaled $140 to $142 billion in 1985, are forecast to fall 5 to 10 percent in 1986, with virtually all of the decline in crop receipts. Lower commodity prices, production levels, and loan rates should yield a 10- to 15-percent decline in crop cash receipts. Due to a fourth-quarter surge, net CCC loans accounted for just under a fifth of total crop receipts in 1985. For 1986, CCC loans will likely account for nearly 15 percent of crop receipts. As in 1985, a large portion of loans will likely be placed by wheat and corn farmers.

Net Cash Income and Direct Government Payments, 1975-1986



[1]Includes net CCC loans.
[2]Includes value of PIK disbursements.
1985 preliminary. 1986 forecast.

Annual Change in Agricultural Price Indexes

	1983 to 1984	1984 to 1985F	1985F to 1986F
	Percentage change		
Consumer price index	4.3	3.5	3
Feed	.7	-14.1	-5
Feeder livestock	-3.8	.0	2
Seed	7.1	1.3	2
Fertilizer	4.4	-5.6	-6
Agricultural chemicals	2.4	.0	0
Fuels & energy	-.5	.0	-5
Farm & motor supplies	-2.8	-.7	-2
Autos & trucks	7.1	6.0	4
Tractors & self-propelled machinery	4.0	-1.7	-2
Other machinery	5.9	1.1	0
Buildings & fencing	.0	-.7	-1
Farm services & rent	.7	2.0	2
Wage rates	2.0	-2.0	0
Interest farm real estate (land & buildings)	-5.1	-2.1	-5
Taxes	.8	2.3	2

F=Forecast.

Crop cash receipts are expected to total $59 to $63 billion in 1986, down from the $70 to $72 billion projected for 1985. Declines of a fifth or more are likely to occur in cash receipts for food grains, feed grains and hay, and cotton. Wheat, corn, and sorghum receipts will probably show the sharpest drops. Fruit and nuts, and greenhouse and nursery items are the only commodity groups not expected to fall in 1986. Any increases, however, are likely to be very small.

For livestock, a slight rebound in prices should about offset fewer marketings to leave total receipts even to slightly lower than 1985's expected $69 to $71 billion. A small increase in hog receipts, induced by higher anticipated prices, will probably just offset lower expected veal and lamb receipts, leaving red meat receipts unchanged to slightly higher than last year. Cattle receipts will likely remain about even with 1985 as prices rise, offset by fewer marketings.

Poultry and egg prices could decline a bit in 1986, but will likely be offset by higher production, bringing receipts up slightly. Broiler and egg receipts should both register increases, while turkey receipts could fall by as much as a tenth. Lower milk prices could cause a small decline in dairy receipts.

Production Expenses Dropping, Government Payments Climbing

Total farm production expenses are expected to fall 1 to 5 percent in 1986, following 1985's anticipated decline of 3 to 5 percent. Prices paid for farm inputs likely will fall slightly and total input use will remain near or just below 1985. Feed costs will decline. Production expenses are forecast to total between $129 and $133 billion, the lowest nominal level since 1980. Cash expenses are also projected to decline in 1986, totaling $106-$110 billion, down from the $109-$111 billion forecast for 1985.

All major expense categories are likely to register declines in 1986, with outlays for manufactured inputs falling the most sharply. Fuel and oil expenses should drop considerably because of expected falling prices, to leave total manufactured input expenses 4 to 8 percent below 1985, the largest decline

since the 7-percent drop in 1982. The direct impact of lower fuel prices could account for $0.5 billion or more of farm income due to reduced expenditures. Indirect effects on fertilizer, pesticides, interest, and other factors of production could be just as important in reducing total farm production expenses.

This year's Government outlays to the farm sector (including net CCC loans) may exceed 1985. Outlays will probably be concentrated in nonrecoverable direct subsidies. Assuming average growing conditions in 1986, direct payments could easily eclipse 1983's $9.3 billion, which included $5.2 billion in PIK disbursements. As much as three-fourths of direct Government payments could come in the form of deficiency payments, since provisions in the Food Security Act of 1985 are leading to reduced loan rates and frozen target prices. The resulting large spread between targets and loan rates will make deficiency payments an essential element in farm income for the next couple of years.

In farm income calculations, direct payments are added to farm income accounts when they are actually paid out, rather than when they are earned. Thus, advances on future payments become important in determining farm income. For example, corn deficiency payments are likely to total $5 billion or more for the 1986/87 crop. However, up to 40 percent of the payment may be made at program signup time, in calendar 1986. Thus, corn deficiency payments actually made this year will consist of advances on 1986-87 payments and the balance of the 1985-crop payments, which will be mailed out in April.

Feed Grains May Get Half of All '86 Deficiency Payments

Deficiency payments on all feed grains (corn, sorghum, barley, and oats) should account for about half of total deficiency payments received in 1986, while wheat deficiency payments (which are usually disbursed in December of the same year payment is earned) may account for a third. Wheat deficiency payments could also account for up to a third of wheat producers' gross income. The large payments will offset the expected decline in cash marketing receipts resulting from the sharp cut in the wheat loan rate. In addition, up to half of wheat and rice gross farm income could be derived from Government programs, including CCC loans, while a third or more of cotton gross farm income could come from Government programs this year.

Cash Receipts, 1982-1986

Item	1982	1983	1984	1985F	1986F
	Billion dollars				
Crop receipts 1/	72.7	69.8	69.1	70-72	60-64
Food grains	11.5	9.7	9.7	8-10	5-8
Feed grains & hay	17.2	16.2	16.5	19-21	14-18
Oil crops	13.8	13.5	13.7	11-13	9-13
Other crops	30.2	27.4	29.2	29-31	27-31
Livestock receipts	70.3	69.4	72.7	69-71	68-72
Meat animals	40.9	38.9	40.8	38-40	37-41
Poultry & eggs	9.6	10.0	12.2	10-12	10-12
Dairy products	18.2	18.8	17.9	17-19	17-19
Other livestock	1.6	1.8	1.9	1-2	1-3
Total cash receipts	142.9	136.2	141.8	140-142	130-134

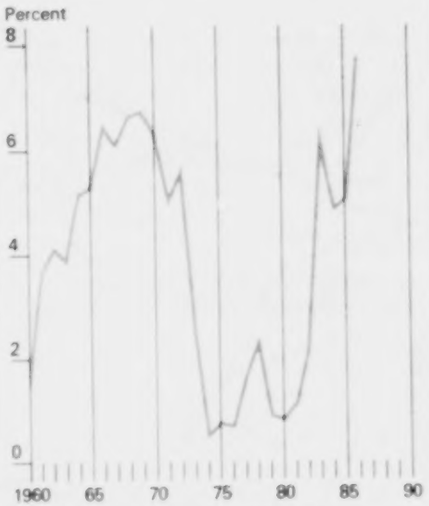
1/ Includes net CCC loans. Totals may not add because of rounding. F=Forecast.

Production Expenses, 1982-1986

Item	1982	1983	1984	1985F	1986F
	Billion dollars				
Farm origin	31.5	33.1	33.4	31-33	29-33
Manufactured	22.2	21.3	23.1	21-23	20-24
Interest	21.8	21.4	21.1	19-21	18-22
Other operating 1/	28.2	28.0	29.6	28-30	27-31
Other overhead 2/	33.3	31.8	32.2	30-32	27-31
Total expenses	136.9	135.6	139.5	133-135	129-133

1/ Includes repair and operation, hired labor, machine hire, cotton ginning, crop insurance, and other miscellaneous operating expenses. 2/ Includes capital consumption, property taxes, and net rent to nonoperating landlords. F=Forecast.

Direct Government Payments as a Percentage of Gross Farm Income, 1960-1986*



*Includes value of PIK disbursements. 1985 preliminary. 1986 forecast.

Uncertainties Remain in Farm Income Accounting

The Food Security Act of 1985 sets up several new programs. These include conservation reserve payments, loan deficiency payments, and PIK (payment-in-kind) diversion payments. However, these payments' exact nature and their effects on farm income accounts have not yet been fully determined.

For example, questions exist over the use of in-kind payments (or certificates for them) to satisfy deficiency payment advances, instead of cash payments. In-kind payments would be counted in the PIK account, shifting payments from the direct cash payments category.

The dairy herd buyout program is unlikely to show up in the Government payments account until early 1987, because of lags involved in the bidding and buyout process. However, the 18-month producer assessment required by the new dairy legislation could add over $400 million to 1986 production expenses.

Another uncertainty is the impact of the Gramm-Rudman-Hollings budget reductions on Government payments, CCC loans, and ultimately, net farm income. However, a 4.3-percent cut in the outlays to the sector has been announced for 1986/87 crops. [*Matthew Rea and Gary Lucier (202) 786-1808*]

PRODUCTION COSTS & NET RETURNS

The prices of major production inputs fell in 1985 and are forecast to continue falling in 1986. As a result, 1986 variable crop production expenses should average 1 to 2 percent lower than last year. However, fixed expenses of overhead and taxes will probably increase, causing total cash expenses for crop production in 1986 to remain about the same as in 1985.

Net cash returns for the major crops (a short-run indicator equaling total receipts less variable and fixed cash expenses) will likely decline in 1986. After accounting for capital replacement allowance, returns from both corn and wheat crops will be negative.

Returns to management and risk (a long-run indicator used to compare commodities) will likely decline also. The largest decrease (41 percent) will be for corn, where managerial returns are forecast at minus $62.96 per planted acre. Returns to wheat, soybeans, and rice will likely fall 21 to 25 percent. All of these estimates would be increased by Government payments, which are not included in cost-of-production receipts.

Long-Run Returns For All Crops Down Since 1980

The ranking of total cash receipts for the major crops remained fairly constant over 1974-1986: rice (highest), cotton, corn, soybeans, and wheat (lowest). The pattern changes when one analyzes long-run returns, however. Rice returns have wide year-to-year fluctuations, and over the past 5 years have been lower than most other crops. Soybeans, low in total receipts, have had higher returns than most other crops since 1975. Still, negative returns have predominated since 1980, with high interest rates and dropping commodity prices the major factors. Here again, Government payments are excluded; in reality, they had an impact on profitability.

Cow-calf receipts were down 2 percent last year. However, higher 1986 receipts, combined with lower feed costs and interest rates, are leading to higher net returns. Long-run returns last year also improved over 1984's minus $303 per cow.

Fed cattle receipts fell in 1985, but this year they should recover to near 1984's level. Purchased calf expenses also fell in 1985. Lower feed costs added to lower calf costs likely pushed total cash expenses down 4.5 percent. Cash expenses are forecast to fall another 4 percent this year. Cash flow and returns to management should both be positive in 1986, for the first time in 5 years.

Farrow-to-finish hog operations are also benefiting from the lower grain prices. Expenses should be down 15 and 3 percent in 1985 and 1986, respectively. If current trends continue, operators should realize a net cash return of $8 per cwt this year and see dramatic improvement in long-run returns.

Dairy receipts fell 5 percent in 1985 and should drop another 1 percent this year. Last year's decline was outweighed by an even greater decrease in feed expenses and a lower dairy assessment, so net cash returns increased 5 percent in 1985. Bringing back the dairy assessment in 1986 will cause net cash returns to fall again, but they will still be higher than in 1984. Long-run returns to management and risk in dairying increased in 1985 but this year are forecast below 1984.

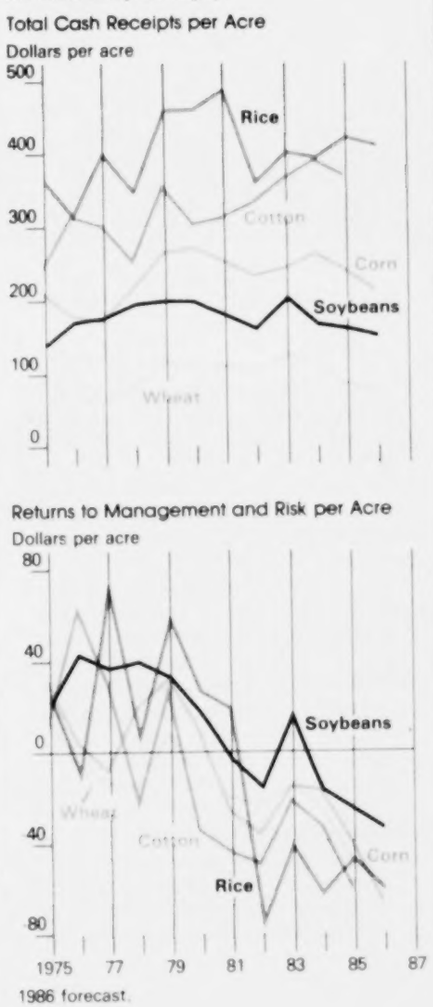
Understanding Estimates of Production Costs

USDA estimates commodity cost-of-production (COP) budgets for wheat, feed grains, cotton, milk, rice, peanuts, soybeans, flax, sunflowers, sugar, fed cattle, cow-calf, hogs, and sheep. USDA plans to add potatoes, apples, peaches, and citrus over the next 5 years.

In December 1983, a new format for presenting costs of production was introduced, including both costs and returns by adding receipt estimates. Using various cost and net return measures, the relative economic position of different commodities can be compared.

The primary data source for estimating production costs is the Farm Costs and Returns Survey (FCRS), conducted each

Total Cash Receipts Show a General Decline. . . And Management Returns Drop Sharply



Costs and Returns for Major U.S. Crops, 1985-86 1/

Item	Corn		Wheat		Soybeans		Rice		Cotton	
	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986
	$/planted acre									
Cash receipts:										
Primary crop	249.59	221.86	91.96	79.09	161.22	151.89	420.98	410.69	341.90	5/
Secondary crop	.00	.00	3.95	3.26	.00	.00	.00	.00	40.01	
Total	249.59	221.86	95.92	82.35	161.22	151.89	420.98	410.69	381.91	5/
Cash expenses:										
Total variable 2/	132.76	131.09	54.13	53.19	59.78	59.30	247.73	246.80	227.86	213.15
Total fixed 3/	79.68	81.50	41.18	42.24	56.83	58.18	87.14	89.28	93.37	95.18
Total cash expenses	212.43	212.59	95.31	95.43	116.61	117.48	334.87	336.07	321.23	308.34
Receipts less cash expenses	37.16	9.26	.61	-13.08	44.61	34.40	86.11	74.61	60.68	
Capital replacement	38.98	41.26	23.22	24.57	27.30	28.89	54.40	57.57	52.10	55.15
Receipts less cash expenses & replacement	-1.82	-31.99	-22.61	-37.65	17.31	5.51	31.72	17.04	8.57	
Economic (full ownership) costs:										
Variable expenses 2/	132.76	131.09	54.13	53.19	59.78	59.30	247.73	246.80	227.86	213.15
General farm overhead	16.99	17.67	9.04	9.43	11.27	11.67	24.69	25.80	25.46	26.40
Taxes and insurance	15.83	17.09	8.87	9.58	13.17	14.22	12.37	13.36	11.50	12.41
Capital replacement	38.98	41.26	23.22	24.57	27.30	28.89	54.40	57.57	52.10	55.15
Allocated returns to owned inputs:										
Return to operating capital	5.12	4.66	2.60	2.35	2.38	2.18	7.45	6.84	6.56	5.65
Return to other nonland capital	14.39	15.24	7.88	8.34	9.08	9.61	19.34	20.48	17.15	18.15
Net land rent	47.84	42.76	25.42	22.13	52.28	48.43	65.78	63.24	63.38	53.92
Paid and unpaid labor 4/	15.04	15.06	10.33	10.34	11.57	11.58	36.33	36.36	34.54	34.57
Total, economic costs	286.95	284.82	141.48	139.92	186.83	185.88	468.10	470.45	438.55	419.42
Residual returns to management and risk	-37.36	-62.96	-45.56	-57.57	-25.61	-33.99	-47.11	-59.76	-56.64	
Total, returns to owned inputs	45.03	14.75	.66	-14.41	49.69	37.80	81.80	67.16	64.99	
	$/bushel or cwt									
Harvest-month price	2.16	1.92	2.91	2.40	4.83	5.02	7.84	7.20	.566	5/
	Bushels or cwt									
Yield per planted acre	115.55	115.55	31.60	32.95	33.38	30.26	53.70	57.04	604.07	539.35

1/ Columns may not add because of rounding. 2/ Includes seed, fertilizer, lime, chemicals, custom operations, fuel and lubrication, repairs, drying, ginning, purchased irrigation water, and management fees. 3/ Includes taxes and insurance, general overhead, and cash interest paid on all loans. 4/ Includes hired labor (a cash expense) and unpaid labor; they could not be separately identified given available survey data. 5/ Cotton price forecasts not available.

winter by USDA's Statistical Reporting Service (SRS) in each State. About half of the approximately 24,000 interviewees receive a detailed expenditure questionnaire, which asks in-depth information about the whole farm's costs and returns. The other interviewees are asked for cost-of-production information for four or five specific commodities. Each type of crop or livestock is surveyed on a 5-year rotation. Between survey years, costs are updated using new yields, prices, and price indexes provided by SRS.

Costs Estimated Per Acre

Costs are estimated per acre instead of per bushel to allow comparisons among crops. Per-unit costs can be computed by dividing per-acre costs by yield.

The labor item in the budget is made up of paid and unpaid labor, but except for livestock and sugar, it is not included as a cash expense. For 1984 and earlier, USDA cannot separate paid and unpaid labor because of lack of data, although the FCRS from 1985 on is designed to provide these estimates.

The COP budgets are presented by sector rather than by type of operator. They include both landowner and rental expenses. Although operator data are gathered, the budgets are designed to reflect the full costs of production per acre, regardless of who owns or supplies the land input.

Harvest prices, rather than season-average prices, are used in the COP budgets, so storage costs do not have to be included as a cost of production. Storage is better classified as a marketing cost.

Receipts Omit Direct Government Payments

Estimates of receipts omit direct Government price support payments, except for peanuts, milk, and wool, where the Government supports the product price through direct market intervention. As a result, the value of production reflects the combined market price and masks Government payments. In contrast, most crop price-support programs are voluntary and contain special provisions for compliance. In the COP budgets, both program payments and the costs of compliance are excluded, so cost and return information can be used to determine if support prices will encourage or maintain production at adequate levels.

Costs and Returns for Major U.S. Livestock Enterprises, 1985-86 1/

Item	Cow-calf		Fed cattle		Hogs 4/		Milk	
	1985	1986	1985	1986	1985	1986	1985	1986
	$/cow		$/cwt					
Total cash receipts	254.95	259.76	58.66	64.50	44.11	46.43	13.69	13.53
Cash expenses:								
Total variable 2/	181.43	179.66	59.76	57.01	30.95	29.71	7.34	7.33
Total fixed 3/	87.04	88.41	5.15	5.11	8.68	8.71	2.23	2.20
Total cash expenses	268.47	268.07	64.91	62.12	39.63	38.42	9.57	9.53
Receipts less cash expenses	-13.52	-8.31	-6.25	2.42	4.48	8.01	4.12	4.00
Capital replacement	67.28	69.33	1.13	1.17	6.24	6.43	1.56	1.58
Receipts less cash expenses & replacement	-80.86	-77.64	-7.38	1.25	-1.76	1.58	2.56	2.42
Economic (full ownership) costs:								
Variable expenses 2/	181.43	179.66	59.76	57.01	30.95	29.71	7.34	7.33
General farm overhead	21.38	22.24	.57	.59	2.30	2.39	.60	.61
Taxes and insurance	24.40	25.65	.17	.18	.80	.84	.34	.35
Capital replacement	67.28	69.23	1.13	1.17	6.24	6.43	1.56	1.58
Hired management	.00	.00	.11	.11	.00	.00	.00	.00
Allocated returns to owned inputs:								
Return to operating capital	11.16	10.99	1.53	1.73	.99	1.03	.10	.10
Return to other nonland capital	47.67	49.14	.46	.48	2.47	2.55	.96	.96
Land	115.47	115.49	.12	.12	.29	.29	.30	.29
Labor	76.31	76.38	.46	.46	4.86	4.87	1.46	1.42
Total, economic costs	545.10	548.87	64.32	61.85	48.91	48.11	12.65	12.64
Residual returns to management & risk	-290.15	-289.11	-5.66	2.69	-4.80	-1.68	1.04	.89
Total, returns to owned inputs	-39.54	-37.11	-3.09	5.48	3.81	7.06	3.79	3.66

1/ Columns may not add because of rounding. 2/ Includes feed, veterinary and medicine, marketing, bedding, custom feed mixing, fuels, machinery and building repairs, hired labor, and manure credit. 3/ Includes taxes and insurance, general overhead, and cash interest paid on all loans. 4/ Farrow-to-finish operations.

Some of the terms used in COP budgets are analogous to terms used in farm income statements. Cash expenses are out-of-pocket costs incurred in the production process. On a per-unit basis, they show the minimum price needed, on an average acre of cropland, to raise a crop with a given yield and break even.

Capital replacement (or economic depreciation) represents an estimate of the value of the machinery, equipment, and breeding stock used up during the year, plus the additional cost required to bring these items up to the same level of quality/quantity that they were at the beginning of the period. The cash-flow position of producers can be determined by subtracting cash expenses, with or without capital replacement, since the producer can delay replacing capital for a short time.

Economic Costs Show the Price Needed To Break Even

Economic (full ownership) costs provide a full accounting of both cash and noncash costs for an average acre to produce the given yield regardless of tenure or equity. On a per-unit basis, they show the breakeven long-run average price necessary to continue producing the crop.

All cash expenses, including replacement costs but excluding cash interest, are included in economic costs. Interest is excluded because it implies a certain equity position of the operator.

Subtracting the sum of cash expenses (less interest) and capital replacement from total receipts gives the residual return to owned inputs. The residual returns can then be allocated to cover the costs of capital invested in operating inputs, machinery and equipment, and land (rent) and labor. Total economic costs are subtracted from total receipts to give a return to management and risk. This return to management and risk is not profit or loss, since we have excluded Government program payments, income taxes, and other factors such as marketing expenses. [*Bob McElroy (202) 786-1801*]

Inputs

FERTILIZER USE & PRICES

Total U.S. fertilizer use is expected to decline about 5 percent for 1985/86, because of fewer planted crop acres and stable fertilizer application rates. Nitrogen use is forecast at 10.9 million tons, while phosphate and potash use are projected to be about 4.4 and 5.3 million tons, respectively. Because of lower domestic use and declining exports, 1985/86 nitrogen production could be down 1 percent, phosphate 8 percent, and potash about 10 percent.

The competitive position of the U.S. nitrogen fertilizer industry has improved. Prices paid by U.S. anhydrous ammonia producers for natural gas feedstocks have stabilized or declined since 1984/85, lowering industry costs and allowing domestic production to replace imports. For 1985/86, nitrogen imports are expected to decline about 2 percent. Nitrogen exports could fall about 5 percent because of a drop in diamonium phosphate exports.

The projected decline in U.S. phosphate production is the consequence of overproduction by the world's phosphate producers and less domestic use. Phosphate exports this season are expected to be down about 14 percent.

The competitive position of U.S. potash producers continues to deteriorate in both the domestic and the export market. Competition from suppliers in Canada and other countries is expected to prevent growth in U.S. exports and could reduce the U.S. industry's share of the domestic market. U.S. potash production could fall for the sixth consecutive year in 1985/86, following a 4-percent decline in 1984/85. Potash imports are expected to slip about 4 percent this year.

The expected decline in fertilizer use and plentiful supplies should reduce farm fertilizer prices. Spring 1986 nitrogen and phosphate prices may average 6 percent less than a year earlier, while potash prices could be down 10 percent. [*Paul Andrilenas (202) 786-1456*]

PESTICIDE SUPPLIES

Farm pesticide use in 1986 is projected at 445 to 500 million pounds, active ingredient (a.i.), compared with 505 million for 1985. Crop plantings will likely be down because of heavy farmer participation in the commodity programs. Pesticide supplies available for farm use are expected to be up 1 percent in 1986. As a result, pesticide price competition should be keen.

Last October, the Environmental Protection Agency (EPA) initiated a special review of granular formulations of the insecticide nematicide carbofuran. It is used primarily on corn, sorghum, and rice. In 1982, farmers treated 5.5 million acres of corn, 1.1 million acres of sorghum, and 215,000 acres of rice with carbofuran. Alternative materials are available for corn and sorghum, but not for rice.

On January 22, EPA issued an interim regulatory decision on the use of daminozide, a growth regulator, in the production of apples and grapes. Over the next 4 years, oncogenicity (tumor), mutagencity, and metabolism studies will be conducted.

Label application rates for daminozide were reduced from 4 to 3 pounds (a.i.) per acre and the residue tolerance in food reduced from 30 to 20 ppm. Also, EPA has cautioned processors against using daminozide-treated apples in sauce and juice. Daminozide is used on Concord grapes, which go into jams and jellies. A major processor has indicated that daminozide-treated grapes will no longer be purchased. [*Herman W. Delvo (202) 786-1456*]

FARM MACHINERY UPDATE

Capital expenditures for new and used farm machinery are forecast to total $5.25 to $5.5 billion in 1986, down 10 to 14 percent from an estimated 13-year low of $6.1 billion last year.

Unit Sales To Fall

For 1986, the only machinery category for which farm sales are expected to increase is 40-99 horsepower (hp) two-wheel-drive tractors, which are forecast to rise 1 percent to 38,150 units. Sales of over-100 hp two-wheel-drive tractors are expected to drop 20 percent to 14,100 units, and four-wheel-drive sales may be down 16 percent to 2,450 units.

Grain and forage harvesting equipment sales in 1986 are projected to fall considerably: self-propelled combines 18 percent to 6,875 units, corn heads 20 percent to 3,825 units, and forage harvesters 13 percent to 2,150 units. For haying equipment, sales of mower conditioners and small balers producing bales up to 200 pounds are both forecast to decline 10 percent, to 10,125 and 6,350 units, respectively.

Market Inventories Are Large

Although farm machinery inventories declined substantially in absolute terms in 1985, unit sales fell so much that inventories relative to current demand

rose from 1984 for five of the nine major machinery categories. The November inventory for over-100 hp two-wheel-drive tractors rose 2 percent to a 15.1-month supply, and the four-wheel-drive tractor inventory increased 6 percent to a 14.8-month supply. The inventory for 40-99 hp two-wheel-drive tractors, however, fell 18 percent to an 8.4-month supply.

Grain harvesting equipment inventories dropped in November from a year earlier, continuing a decline from 1982 record highs. The inventory of self-propelled combines and corn heads stood at 10.4 and 11.9 months, respectively. The November forage harvester inventory, however, rose 14 percent from a year earlier to a 20-month supply.

For haying equipment, the small baler inventory in November also rose 14 percent to a 13.1-month supply, and the mower conditioner inventory increased 7 percent to a 15.8-month supply. The windrower head inventory, however, dropped 3 percent to a 16.4-month supply. With demand for farm machinery expected to decline further, domestic manufacturers will operate at relatively low production rates in an effort to peg output to slumping demand and to reduce inventory finance costs.

Trade Balance Declines

Through the first 10 months of 1985, the farm machinery trade balance stood at a positive $260 million, down 37 percent from a year earlier. Exports were down 17 percent to $1.58 billion and imports off 11 percent to $1.32 billion.

The value of machinery exports to our two largest foreign markets, Canada and Australia, fell 12 and 35 percent, respectively. To a lesser degree than in the United States, the farm economies of these countries also are under stress. However, U.S. shipments to Mexico rose 115 percent to $195 million.

The depressed domestic market for new farm machinery has cut U.S. farm machinery imports. Shipments of 40-99 hp farm wheel tractors from Western Europe have declined the most. Nonetheless, an increasing share of the net domestic supply of farm wheel tractors is being produced overseas. Consequently, the positive farm machinery trade balance should decline.

The sharp reduction in demand for farm machinery during the past 6 years has caused the domestic farm machinery industry to undergo a profound consolidation since late 1984. These mergers have lowered industry productive capacity, which is still excessive for market conditions. With the industry currently operating at a low capacity level and demand expected to weaken further, manufacturers will be forced to adopt even more austere policies. [*Michael Hanthorn (202) 786-1456*]

LEADED GASOLINE STUDY

On July 1, 1985, the EPA reduced the standard for the lead content in leaded gasoline from 1.1 to 0.5 gram per gallon. On January 1, 1986, the standard was further reduced to 0.1 gram. EPA is proposing complete elimination of lead from gasoline by 1988. To allow time for completion of an impact study, the 1985 farm bill prohibits reduction of the current 0.1-gram standard prior to January 1, 1988.

EPA is reacting to several studies that document the health hazards of leaded gasoline. While lead emissions hurt all segments of the population, the effects are more pronounced among children, adult men, and pregnant women. Also, EPA found that 15.5 percent of the vehicles designed to operate with unleaded gasoline have been operated on leaded gasoline. Misfueling destroys catalytic converters and significantly increases release of other air pollutants, such as hydrocarbons, carbon monoxide, and nitrogen oxide.

While virtually all wheel tractors and combines manufactured today are diesel-powered, many gasoline units still are used. The 1979 Census of Agriculture showed nearly 2.5 million gasoline-powered tractors and 400,000 self-propelled gasoline combines on U.S. farms. The average life of a tractor is 21 years. It is estimated that over 1 million gasoline tractors; 200,000 gasoline combines; 100,000 gasoline-powered cotton pickers, sprayers, and other types of equipment; and over 500,000 gasoline-powered trucks may be in operation beyond 1988. However, engines with hardened valve seats or those operated at less than full throttle would not be hurt by a ban on leaded gasoline.

Lead in gasoline serves as an octane enhancer and a lubricant for valves and valve seats. Engineers generally agree that 0.1 gram of lead per gallon adequately lubricates valves under most conditions. However, a complete lead ban might cause engine wear, and it's not clear whether a cost-effective alternative lubricant will be available by 1988.

The Food Security Act of 1985 mandates a study of the use of unleaded gasoline in agricultural machinery. The study, which will be jointly conducted by the Administrator of EPA and the Secretary of Agriculture, will evaluate the use of fuel containing lead and alternative lubricating additives for gasoline engines used in agricultural production. It is scheduled for completion by January 1, 1987. [*Mohinder Gill (202) 786-1456*]

Agricultural Policy

1986-CROP PROGRAM ANNOUNCEMENTS

Below are 1986 crop program announcements that had been made by the time the March *Agricultural Outlook* went to press.

Wheat.—Target price = $4.38; basic loan = $3.00; actual loan = $2.40; ARP, 22.5%; PIK-PLD, 2.5%, payment rate = $1.10; winter wheat PLD, 10%; payment rate = $2.00; estimated deficiency payment rate = $1.83.

Rice.—Target price = $11.90; loan = $7.20; ARP = 35%.

Feed grains.—Target prices: corn = $3.03; barley = $2.60; oats = $1.60; sorghum = $2.88. Basic loan: corn = $2.40. Actual loan: corn = $1.92; barley = $1.56; oats = $.99; sorghum = $1.82. ARP, 17.5%; PIK-PLD, 2.5%. Payment rates: corn = $.73, barley = $.57, oats = $.36, sorghum = $.65. Estimated deficiency payment rates: corn = $1.03, barley = $.95, oats = $.45, sorghum = $.98.

Cotton.—ELS target = 102.48 cents/lb.; ELS loan = 85.40 cents/lb.; upland target = $0.81; upland loan = $0.55; ELS ARP, 10%; upland ARP, 25%; plan A selected; loan repayment rate not yet announced, but cannot be less than $0.44. Loan deficiency payments will be made on amount eligible for loan but not more than program yield, 50% in cash, 50% in certificates redeemable in cotton. Inventory protection payments equal to 1985 loan rate plus accrued carrying charges less market price will be made on all free stocks as of Aug. 1 in form of certificates redeemable in cotton. No half-ARP.

Signup.—Crop program signup, March 3-April 11; dairy, Feb. 10-March 7.

92/50.—Participants planting 50% of acreage permitted to a program crop and planting remaining permitted to nonprogram crop other than soybeans or ELS will receive deficiency payments on 92% of permitted acreage.

Haying and grazing.—Permitted on acreage devoted to conserving uses outside 5 principal growing months.

Advance payments.—For wheat and feed grains, 100% of diversion plus 40% of deficiency payment; 75% of deficiency payment in cash at signup, 25% in kind from May 1-Sept. 30; for upland cotton, 7.8 cents in cash.

PIK.—Producers with CCC loans when advance payment is requested must make loan collateral available to satisfy own PIK; producers with insufficient CCC loan collateral to meet own PIK entitlement will receive negotiable generic certificates worth net remaining monetary amount due them. Loan collateral to be valued by CCC.

Generic certificates.—May be sold; producers may redeem for any regular, special, or FOR loan commodity; others may redeem for any CCC-owned commodity; will be issued in monetary amounts due producers.

Bases and yields.—Being determined as specified in 1985 farm bill.

Conservation reserve.—Signup, March 3-14; duration 10 years; 69.5 million acres eligible. Participants receive annual rental payments after Oct. 1 each year depending on bids; USDA to cover 50% of costs of establishing cover. Eligible acres include land planted or considered planted during 1981-85 in class 6, 7, 8, or classes 2-5 with erosion three times tolerance level. $50,000 limit on rental payments either in cash or in kind; no payment limit on cover establishment; 1986-crop set-aside or diverted acres not eligible. Land in reserve will reduce bases, quotas, and allotments by ratio of cropland to amount in reserve.

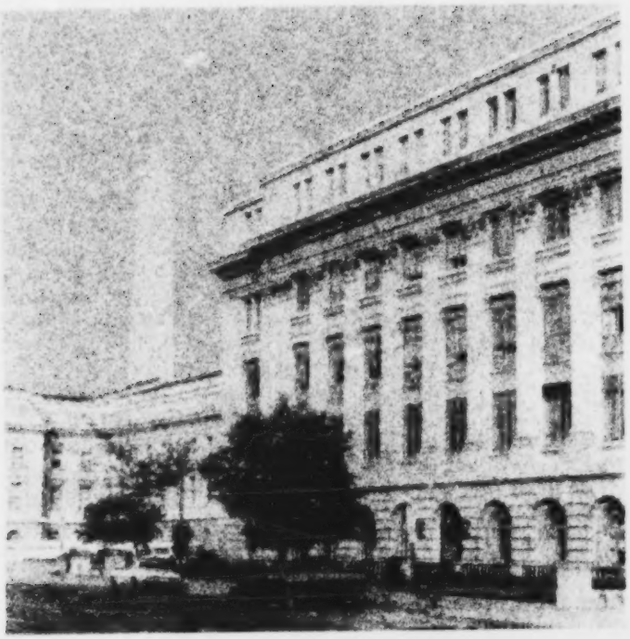
Dairy.—Herd buyout bids per cwt of milk production during base period may be submitted for disposal of female cattle during April-Aug. 1986, Sept. 1986-Feb. 1987, or March-Aug. 1987. Bid period = Feb. 10-March 7. Successful bidders must exit industry for 5 years; base period = lesser of milk marketings during July 1984-June 1985 or January 1985-December 1985; no upward adjustments in bases. Sec. may accept or reject any or all bids. Payment options: 1) equal annual payments; 2) 0 1st yr., 85% 2nd yr., 5% per yr. during 3rd, 4th, and 5th yrs.; or 3) up to 80% 1st yr., equal annual installments yrs. 2-5. Payments exempt from Gramm-Rudman-Hollings. Cattle must be branded.

Gramm-Rudman.—Checks paid to producers for commodity loans, deficiency and diversion payments (both advance and final), payments for certificates that producers redeem for cash, and CCC purchase prices for dairy products will be reduced 4.3%. Reductions will be calculated after $50,000 payment limit is applied. In-kind payments, dairy herd buyout payments, and conservation reserve payments will not be reduced.

Upcoming Economic Reports

Title	Summary Released
Oil Crops	March 7
World Ag Supply & Demand	March 10
Sugar & Sweetener	March 13
Tobacco	March 18
Dairy	March 19
World Agriculture	March 20
Rice	March 27

Summaries are released electronically on the dates indicated; the full reports, including tables, may also be accessed 2 to 3 days later. For details, call (301) 982-6662.



Implications of the 1985 Farm Bill

The Food Security Act of 1985 (P.L. 99-198) begins a 5-year program by the Federal Government to allow U.S. prices for wheat, feed grains, cotton, and rice to follow the world market. The act contains several innovations. Loan rates are tied to market prices, and the Secretary of Agriculture can allow loans to be repaid at existing market prices when these prices fall below loan rates. New formulas for computing acreage bases and program yields effectively break the link between production and receipt of Government payments.

Tying loan rates to a formula based on historical prices allows support prices to increase or decrease in response to changing world supply and demand. The previous farm bill used the formula concept only for determining soybean and cotton loan rates.

The 1985 act is also innovative in that it authorizes a conservation reserve of up to 45 million acres. Farmers will receive an annual rental payment for land placed in this reserve.

The Administration Sets Goals

The Administration began the farm bill debate wanting to achieve three major goals:

1) flexible commodity price supports to allow greater export potential,

2) consistency among commodity programs and trade, conservation, research, credit, and grain reserve policies, and

3) reduced Government spending on agriculture.

The goal of increasing or maintaining farm income was not specifically enumerated in the Administration's initial proposal. For many farmers, the deficiency payment, a direct income transfer from the Government to a qualified producer, has become an important component of total income. Many farmers and farm organizations were unwilling to accept sharp reductions in deficiency payments. However, most participants in the farm bill debate did agree that lower price supports were needed to boost U.S. exports. Maintaining target prices at current levels while allowing market prices to drop will nearly double deficiency payments.

Price and Support Programs Rose Sharply in the 1980's

Annual price and income support programs for agriculture, on average, cost less than $4 billion a year before 1981. However, they reached between $10 and $20 billion a year during 1982-85. Total USDA spending moved from a midlevel position in the Federal budget to just behind the Departments of Health and Human Services and Defense. Since most participants in the farm bill debate agreed that price supports needed to drop, negotiations focused on target prices.

In April and May 1985, the House and Senate Agriculture Committees began separate meetings to draft the new farm bill. Early in the session, the House and Senate agreed to limit spending for years 1986-88 to $34.4 billion. This total applied to 1986, even though that year was covered by previous legislation.

During April-June, the House Agriculture subcommittee on wheat, feed grains, and soybeans agreed to include two items—the Findley Amendment and the marketing loan provision—in their draft. Under the Findley Amendment, the Secretary can lower wheat and feed grain loan rates up to 20 percent to specifically achieve price competitiveness in export markets. But, this adjustment cannot be used in calculating the following year's loan rate with respect to the 5-percent-a-year reduction. Under the marketing loan provision, the Secretary can accept repayment of the price support loan at a reduced rate.

Marketing Loans Aim For Competitiveness

Traditionally, nonrecourse commodity loans were made by the Government to producers using the crop as collateral. If, at the end of the loan period, the market price was not sufficient to cover the cost of the loan plus interest, the producer simply kept the loan proceeds and turned the crop collateral over to the Government. This kept the market price from falling much below the loan level. By contrast, the marketing loan is intended to encourage farmers to redeem their loans and market the commodity, thus lowering market prices and increasing U.S. commodities' export competitiveness. However, lower repayment offers the potential for higher budget outlays.

In a key vote on July 24, Senate Agriculture Committee members voted to freeze target prices at their 1985 levels for 4 years. The vote was along party lines, with only one Republican crossing over to vote with the Democrats in favor of the price freeze. In the 17-member committee (9 Republicans, 8 Democrats) the crossover was sufficient to pass the 4-year target price freeze.

By the end of July, the Senate Agriculture committee, essentially abandoning its own budget restraint, had developed a farm bill estimated to cost $40.5 billion over the next 3 years--only $1 billion less than estimates for continuing provisions of the 1981 farm bill. It was not until late in the debate, on

November 23, that the Senate moved away from a 4-year freeze on target prices and instead instituted a 1-year freeze for 1986, with cuts in subsequent years.

Target Prices Kept High

Debate on maintaining farm income was contentious at times. Several alternative plans were extensively debated, such as the Targeted Option Plan, which would have allowed producers to choose higher target prices in return for greater acreage cutbacks. The final compromise froze target prices for 1986 and 1987, with in-kind payments compensating for small reductions in the following years.

By the end of the farm bill process, USDA estimates of potential outlays for fiscal 1986-90 had risen to $101 billion for price and income support and related programs, and $68.6 billion for food assistance. Price and income support alone was estimated to cost about $69 billion, and the credit component, $10.2 billion over the 5-year life of the bill. The export, research, and conservation provisions are expected to cost $21 billion.

Conservation Program Is Largest Ever Established

For the first time since 1956, major soil conservation provisions are included in a farm bill. This legislation has the potential to create the largest soil conservation program ever, as well as to support farm income. An underlying objective is to make conservation and other farm programs mutually supportive.

The conservation title can be considered in four parts:

1. The main measure for fulfilling the dual objectives of erosion abatement and income support is the conservation reserve. The goal is to enroll 40 to 45 million acres by 1990/91. This is nearly twice the acreage stipulated in earlier proposed Senate and House farm bills. About 70 million highly erodible acres are eligible for the reserve in 1986.

2. Other measures discourage farmers from: (a) plowing up additional highly erodible grasslands, pasture, and forest lands, and (b) draining and cultivating wetlands for crop production. These sodbuster and swampbuster provisions will eliminate access to virtually all Government programs and benefits if agricultural producers bring highly erodible lands into crop use without a conservation plan, or convert wetlands to crop use.

3. The conservation compliance provision denies future program benefits to producers if specific conservation plans are not being implemented by 1990 on highly erodible land now in production.

4. Several existing conservation programs are continued or augmented, and Federal and State cooperation in more traditional conservation programs is strengthened.

Together, these new conservation provisions have the potential to greatly reduce crop production on highly erodible land, thereby decreasing soil erosion, crop surpluses, and environmental damage. Roughly 25 percent of all cropland could be affected.

Conservation Reserve Will Pay Land Rent & Half of Cover Costs

For farmers producing agricultural commodities on highly erodible land, the conservation reserve will provide rental payments and half of the cost of establishing a cover when converting the land to grass or trees for 10 to 15 years.

Farmers who choose not to enroll their highly erodible acres in the reserve will lose program benefits on their whole farm after 1990, unless they begin implementing individual conservation plans to adequately protect that land. To keep the conservation reserve from hurting local economies, no more than 25 percent of the total cropland in any county may be placed in the reserve.

No grazing or harvesting of forage or any other commercial activity on reserve lands is permitted for the duration of the contract, unless specifically allowed by the Secretary of Agriculture. Also, a farmer's cropland base and allotment history will be reduced by the ratio of the land retired to total cropland acreage.

The legislation requires the selection of the most highly erodible acres for the reserve, but it also gives weight to choosing those bids that will remove the largest amount of area from production. Bidding may be used to select which acres enter the conservation reserve, but specific criteria for selecting acres can vary from year to year. Annual erosion on U.S. cropland in excess of quantities replenished totals about 900 million tons. Targeting the most erodible land could reduce excessive soil loss by 60 to 90 percent.[1]

Those farmers who do not place their highly erodible croplands into the reserve have until 1995 to complete a plan approved by their conservation district, or they forego all program benefits. By adding new program requirements as well as benefits for the farmers who account for much of U.S. soil erosion, the conservation compliance provision reduces the cost of both the conservation reserve and commodity programs.

Land Conversion Discouraged

The sodbuster provision makes sodbusters ineligible for: price support loans, purchases, and payments for program crops; Federal crop insurance; disaster payments; and loans made, insured, or guaranteed by the Farmers Home Administration (FmHA). In the swampbuster provision, if a converted wetland cannot maintain its integrity as a natural wetland while cultivated, such as during a drought, producers will be ineligible for Government program benefits.

Some Land To Be Used for Timber Production

The conservation provisions encourage tree cultivation in several ways, and a portion of the reserve will be planted in trees. In fact, the title stipulates that, if possible, at least one-eighth of the total reserve acreage should be devoted to trees. A specific softwood timber provision will also allow farms with distressed FmHA loans to reamortize these loans and reschedule them using future timber revenues as collateral. The program can total no more than 50,000 acres.

[1]The minimum acreage to be placed into the conservation reserve is 5 million for crop year 1986, 10 million for 1987, 10 million for 1988, 10 million for 1989, and 5 million for 1990.

How the New Farm Bill Differs from the Old. . .

Provision	Old law	New law
General Commodity Provisions		
Advance deficiency & diversion payments	Sec. given discretion to make up to ½ of estimated payments in advance.	Sec. must make advance deficiency payments in 1986; diversion payments discretionary in 1986; both discretionary for 1987-90. Payments may be in cash or in kind. No more than 50% of advance payment may be made in kind. Advance may not exceed 50% of estimated total payment.
Interest payment certificates	No provision.	Sec. may issue certificates to producers who repay interest on CCC loans for wheat, feed grains, cotton, & rice. Certificates redeemable for CCC commodities.
Haying & grazing	Sec. given discretion to implement haying & grazing restrictions.	Except for 5-month period designated by each county ASCS committee, Sec. must permit haying & grazing on diverted acres in 1986, & grazing in 1987-90.
Farmer-owned reserve (FOR)	Minimum FOR of 700 million bu. wheat, 1 billion bu. corn; release price discretionary.	FOR is continued. If FOR wheat is less than 17% of total use or FOR feed grains are less than 7% of total use, & farm prices are less than 140% of the loan rate for the commodity, Sec. must offer incentives to encourage FOR placements; FOR wheat may not exceed 33% of total wheat use; FOR feed grains may not exceed 16.5% of total use.
Payment limitations	$50,000/person for payments from wheat, feed grains, cotton, & rice; disaster payments $100,000/person for the above commodities.	$50,000/person/yr. for deficiency & diversion payments from wheat, feed grains, cotton, & rice; disaster payments $100,000/person for above commodities. Exempt from limit are: loans or purchases, loan payments (payments received as a result of prices falling below basic loan rates), & inventory reduction payments.
Base acreage & yields	Separate provisions in each commodity title.	Farm acreage base = sum of crop acreage bases. Beginning in 1987, soybean & conservation use acres included. Crop acreage base = av. of acres planted & considered planted during preceding 5 yrs., but not to exceed av. planted & considered planted during preceding 2 yrs. For cotton & rice, any yrs. of zero plantings during 1981-83 will not be counted. Sec. can allow 10% offsetting adjustments in individual crop bases on a farm. Farm program payment yield for 1986 & 1987 = av. of farm program yields during 1981-85, excluding high & low. Sec. has discretion to continue to freeze payment yields in 1988-90 or to base yields on 5-yr. moving av.
Cross compliance	Sec. discretion.	If acreage reduction program (ARP) in effect for wheat or feed grains, planting of other program crops may not exceed base acreage of those crops on farms participating in wheat or feed grain programs. Sec. discretion whether to apply provision to rice & cotton. If set-aside in effect for wheat or feed grains, Sec. has discretion whether to require cross compliance.
Offsetting compliance	Sec. discretion.	Sec. cannot require all cotton & rice farms operated by an individual to be enrolled in those programs in order to receive benefits on any 1 farm.
Dairy		
Price support	Reduced to $11.60/cwt on 7/1/86.	$11.60/cwt for 1986. $11.35 from 1/1/87 to 9/30/87. $11.10 beginning 10/1/87. Beginning 1/1/88, may fall $0.50/cwt/yr., if CCC removals are projected to exceed 5 bil. lbs. per yr. If annual removals are projected at 2.5 bil. lbs. or less, must increase $0.50/cwt/yr.

Provision	Old law	New law
Dairy (cont.)		
Diversion	1/84-3/85, producers who voluntarily reduced production 5-30% received $10/cwt.	Sec. discretion for 1988-90.
Milk production termination program	No provision.	Sec. required to implement a whole-herd buyout program beginning 4/1/86, under which producers (on a bid basis) may take their entire herds out of production for 5 yrs. Program is discretionary for 1988, '89, & '90. Program is funded by a producer assessment of $.40/cwt beginning 4/1/86; assessment drops to $.25/cwt on 1/1/87, terminates 10/1/87. Sec. required to purchase 400 mil. lbs. of red meat to be distributed equally between export use (principally military) & domestic feeding programs during buyout program.
Wheat		
Loans	Sec. has discretion to lower rate up to 10% per yr., but not below $3.00/bu. 1985 rate = $3.30.	Basic loan rate = $3.00/bu. in 1986; for 1987-90, equals 75-85% of recent 5-yr. moving average, excluding high & low, but cannot fall more than 5% from previous yr. Actual loan rate can be reduced 20% from basic loan. Actual loan in 1986 = $2.40. Loan repayment, at Sec. discretion, can be allowed at rates as much as 30% below basic rate.
Target prices	Minimum $4.38/bu. for 1985.	Minimum = $4.38/bu. in 1986 & 1987, $4.29 in 1988, $4.16 in 1989, & $4.00 in 1990. Sec. may offer target option program which sets target prices for different gross agricultural sales & for different ARP levels.
Deficiency payments	Rate = target price minus higher of loan rate or average price received by farmers during first 5 months of each marketing yr.	Deficiency payment rate = target price minus higher of basic loan rate or average farm price during first 5 months of each marketing yr. Sec. has discretion to set minimum def. payment rates of $1.83/bu. in 1986, $1.73 in 1987, & $1.47 in 1988. Loan payment rate = basic loan rate minus lower of actual loan rate or loan repayment rate. Total deficiency payments & loan payments = farm program acreage times program yield times payment rates. If farmer plants between 50 & 92% of permitted acreage, program acreage equals 92% of permitted. Otherwise, program acreage equals actual planted.
ARP, set-aside, & paid land diversion (PLD)	1985 = 20% ARP plus 10% PLD with payment rate of $2.70/bu.	Sec. authorized to establish ARP, set-aside, & PLD. If ending stocks are forecast to exceed 1 billion bu., acreage limitations required to total 15-22.5% plus 2.5% of PIK diversion in 1986; 20-27.5% in 1987; 20-30% in 1988-90. Actual 1986 announced as 25% acreage reduction including 2.5% PLD, plus 10% PLD at $2.00/bu. for producers who planted prior to 1/13/86.
Inventory reduction payments	No provision.	At Sec. discretion, producers who reduce plantings by ½ announced acreage reduction percentage & forgo loans & deficiency payments may receive loan payment in kind.
Quota & referendum	No provision.	Sec. required to conduct poll by 7/1/86 to determine if producers support mandatory production limits in exchange for higher price support. Sec. has discretion to proclaim national marketing quotas for 1987-90 crops.
Feed Grains*		
Loans	Sec. had discretion to lower rate up to 10% yr., but not below $2/bu. for corn. 1985 rate = $2.55/bu.	Basic loan rate = $2.40/bu. for corn in 1986. 1987-90 calculated same as wheat. Actual loan rate = $1.92 for corn in 1986. 1987-90 same method as for wheat. Loan repayment rate calculated same as for wheat.

*Provisions described for corn; loan rates & target prices for sorghum, oats, barley & rye set proportional to corn.

Provision	Old law	New Law
Feed Grains (cont.)		
Target prices	Minimum $3.03/bu. for corn in 1985.	Minimum = $3.03/bu. in 1986 & 1987, $2.97 in 1988, $2.88 in 1989, & $2.75 in 1990.
Deficiency payments	Same calculation as for wheat.	Deficiency payment rate calculated same as for wheat. Sec. has discretion to set minimum rates of $0.99/bu. for corn in 1986, $0.84 in 1987, & $0.73 in 1988. Loan deficiency payment rate calculated same as for wheat. Total deficiency payment, loan payment, & 50-92% rule, same as for wheat.
ARP, set-aside, & PLD	1985 = 10% ARP.	ARP, set-aside, & PLD authorized. If corn stocks forecast to exceed 2 billion bu., acreage limitations required to total 12.5-17.5% plus 2.5% PIK diversion in 1986; 12.5-20% limitations in 1987-90. Actual 1986 = 20%, including 2.5% of PLD.
Inventory reduction payments	No provision.	Same calculation as for wheat.
Upland Cotton		
Loans	Lower of 85% of 3-yr. av. spot mkt. price or 90% of av. world price. Minimum = $0.55/lb. 1985 = $0.573.	Basic loan rate = $0.55/lb. in 1986. 1987-90 = formula unchanged from old law; minimum = $0.50. Each crop yr., Sec. chooses Plan A or B. Plan A: loans can be repaid at rate as much as 20% below basic loan rate. If world prices are below repayment rate, Sec. must issue certificates to first handlers of cotton to make U.S. cotton competitive. Plan B: loans can be repaid at rates equal to world market prices.
Target prices	Minimum $0.81/lb. for 1985.	Minimum = $0.81/lb. in 1986, $0.794 in 1987, $0.77 in 1988, $0.745 in 1989, & $0.729 in 1990.
Deficiency payments	Target price minus higher of loan rate or av. farm price during yr. in which crop was planted.	Deficiency payment rate = target price minus higher of basic loan rate or av. farm price during yr. in which crop was planted. Loan payment rate = basic loan rate minus repayment rate. Total deficiency payment, loan payment, & 50-92% rule, same as for wheat.
ARP & PLD	1985 = 20% ARP plus 10% PLD with payment rate of $0.30/lb.	Maximum ARP of 25% authorized. Voluntary PLD can be offered. Sec. encouraged to operate programs so as to reduce ending stocks to 4 mil. bales.
Inventory reduction payments	No provision.	Same provision as for wheat.
Rice		
Loans	Sec. discretion with $8.00/cwt minimum. 1985 = $8.00.	Beginning 4/15/86, 1985-crop loans can be repaid at world market prices. Producers may be required to purchase marketing certificates equal in value to 1985 loan rate minus repayment rates. Certificates would be redeemable for CCC inventory. Basic loan rate in 1986 = $7.20/cwt minimum. For 1987-90, minimum = higher of 85% of 5-yr moving av. of market prices excluding high & low, or $6.50/cwt. Maximum 5% reduction each yr. Loan repayment rate = higher of world price or 50% of basic loan rate in 1986 & 1987, 60% in 1988, & 70% in 1989 & '90. Purchase of marketing certificates equal in value to ½ difference between basic loan rate & loan repayment rate may be required in 1986-90.

Provision	Old law	New law
Rice (cont.)		
Target prices	Minimum $11.90/cwt for 1985.	Minimums: 1986, $11.90/cwt; 1987, $11.66; 1988, $11.30; 1989, $10.95; & 1990, $10.71.
Deficiency payments	Same calculation as for wheat.	Deficiency payment rate calculated same as for wheat. Loan payment rate calculated same as for cotton. Total deficiency payments, loan payment, & 50-92% rule, calculated same as for wheat.
ARP & PLD	1986 ARP = 20%. PLD = 15%.	Maximum ARP of 35% authorized. Voluntary PLD can be offered. Sec. encouraged to operate programs so as to reduce ending stocks to 30 million cwt.
Inventory reduction payments	No provision.	Same provision as for wheat.
Soybeans		
Loans	1985 = $5.02/bu.	Basic loan rate = $5.02/bu. in 1986 & 1987. For 1988-90 = 75% of 5-yr. moving av. of farm prices excluding high & low. 5% maximum drop from previous yr. $4.50 minimum. Actual loan rate may be reduced 5% below basic loan in 1986 & may drop 5%/yr. to minimum of $4.50 during 1987-90. Loan repayment can be allowed at world prices.
Peanuts		
Price support	Quota peanuts supported at $569/ton in 1985. Additional peanuts supported at $148/ton.	1986-crop quota peanuts supported at 1985 rate adjusted for production cost increases between 1981 & 1985. 1987-90 quota peanuts based on previous yr's rate adjusted for production costs, with maximum annual increase of 6%. Additional peanuts supported at rate set by Sec.
Quota	National poundage quota in 1985 = 1.1 mil. tons with acreage quotas suspended.	Minimum = 1.1 mil. tons. 1986 national poundage quota increased to 1.4 mil. Each yr's quota to equal estimated domestic disappearance. National quota will be apportioned among States in same percentage shares as 1985 quota. Increases in quota will be shared by old & new growers.
Sugar		
Loans	Sugar cane $.18/lb. in 1985; sugarbeet set relative to cane.	Minimum loan rate = $.18/lb. for sugar cane. Sugarbeets set relative to cane. Sec. authorized to make annual adjustments reflecting cost of production, cost of sugar products, & inflation. Import quotas must be set so that loan forfeitures & cost of sugar program will be minimized.
Wool & mohair	Producer incentive payment was difference between incentive price (based on parity) & price received by producers.	Extends current law.
Honey Loan Rate	Set at 60-90% of parity; in 1985 rate was $.683/lb. (60% parity).	$.64 in 1986, $.63 in 1987; may drop 5% per yr. during 1988-90, but cannot be less than 75% of 5-yr. moving av. dropping high & low. Sec. may implement a marketing loan.

Provision	Old law	New law
Trade		
Export program	Authorized Sec. to extend intermediate credit (3-10 yr. terms) for sale of CCC & private stocks to develop, expand, & maintain foreign markets for long-term commercial sale of agricultural products. Provided for direct short-term export credit guarantees to expand commercial exports with deferred payment for up to 36 months; annual funding authority for guarantees was $5 bil. Mandated FY 83-85 expenditure for export assistance of $175-$190 mil. through CCC charter. Provided for barter of CCC dairy stocks for 40,000 metric tons of ultra-high-temperature milk for donation overseas.	Funding for an intermediate credit guarantee program (3-10 yrs.) set at not less than $500 mil./yr. for FY 86-88 & not more than $1 bil./yr. for FY 89-90, with repayment in dollars & with interest rate set by Sec. $5 bil. for short-term credit guarantees authorized through FY 90. Targeted assistance program funded at $325 mil./yr. Export credit revolving fund reauthorized. Export sales of 150,000 tons of dairy surplus mandated annually through FY 88. Sec. required to establish an export promotion program providing total of $2 bil. of CCC commodities through FY 88 at no cost to exporters & others to encourage development, maintenance, & expansion of export markets. Commodities to be used to counter or offset unfair trading practices, high U.S. price support levels, & unfavorable changes in exchange rate; under program, Green Dollar Export Certificates may be issued by Sec.; of those programs involving bonuses to promote exports, 15% of program funds may be used to enhance commercial exports of poultry, beef, pork, or meat products. Food Security Wheat Reserve extended; contract sanctity affirmed & producer embargo protection adjusted.
P.L. 480	Title I allowed for credit sales repayable in 20 yrs. with dollars, or in 40 yrs. in local currencies convertible to dollars at concessional interest rates. Minimum Title II tonnage 1.7 mil. tons, of which 1.2 mil. for nonemergency programs distributed through private voluntary organizations (PVO's) & World Food Program (WFP). Funding limit for Title II programs was $1.0 bil.; no minimum annual level for processed, fortified, or bagged commodities. Title III (Food for Development) required to comprise 15% of Title I funds; Section 406(a) of Title IV authorized farmer-to-farmer development assistance with discretionary funding level; Section 416 of Ag. Act of 1949 authorized overseas donations of CCC dairy products, wheat, & rice.	Under Title I, at least 10% of local currencies generated are to be lent to financial intermediaries in recipient countries for private enterprise development. Title II minimum tonnage increased to 1.9 mil. tons, of which not less than 1.425 mil. for nonemergency programs to be distributed through PVO's, cooperatives, & the WFP; at least 75% of nonemergency minimum must be processed, fortified, and/or bagged commodities. Title II authorization changed from calendar to fiscal yr. basis. Title III share of Title I funds reduced to 10%; not less than one-tenth of 1% of P.L. 480 funds in FY 86-87 to be spent for Section 406(a); not less than 75,000 tons, but not more than 500,000, to be distributed through new Food for Progress program, to encourage market-oriented agricultural policy reform in recipient countries. Authorizes a Special Assistant to the President for Agricultural Trade & Food Aid. All commodities acquired by CCC can be distributed by Section 416 of the Ag. Act of 1949, with minimum grains, oilseeds, & dairy product levels specified.
Export transportation	Under cargo preference law, 50% of Government-impelled exports must be carried on U.S. flag vessels, if available at reasonable rates. Included shipments under P.L. 480, & Sect. 416. Blended Credit was subject to cargo preference law.	Cargo preference does not apply to any commercial export activities of Sec. or CCC including exports under Blended Credit, short-term export credit sales, or barter agreements. Cargo preference does apply to "concessional sales," including shipments under P.L. 416 & 480 with 50% requirement increasing to 75% by 1988 & Dept. of Transportation financing increased ocean freight charges. Reverts to old law if DOT does not finance increased charges.

Provision	Old law	New law
Conservation		
Sodbuster	No provision.	A producer who plants on highly erodible land, except land that was in set-aside or diversion program between 1981-85, will lose all Federal farm benefits on any land. For erodible land cultivated, diverted, or set aside after 1981, producer is exempt from loss of benefits until 1/1/90 or 2 yrs. after a soil survey unless producer is actively applying an approved conservation plan, then exempt until 1/1/95.
Swampbuster	No provision.	A producer who cultivates converted wetlands (wetlands drained, dredged, filled, or leveled in order to make production suitable) after 12/23/85 will lose all Federal farm benefits on any land.
Conservation reserve	No provision.	Retires up to 45 mil. acres that are highly erodible with a minimum total acreage in 1986 of 5 mil; 1987, 15 mil.; 1988, 25 mil.; 1989, 35 mil.; & 1990, 40 mil. Program allows for contracts of 10-15 yrs. to retire cropland base or historical allotment. Producers submit bids for annual rental payments, with $50,000 cash or in-kind payment limit per person per yr. Sec. to pay 50% of cost of implementing conservation measures; haying & grazing not permitted unless area is subject to drought; if possible at least 5 mil. acres must be devoted to trees; reserve maximum is 25% of a county's cropland. This program may provide for permanent retirement of cropland base.
Credit		
Emergency, operating, & ownership loans	Emergency loans to borrowers unable to get credit elsewhere made at subsidized rates; other borrowers charged market rate; FmHA authorized to make direct loans at reduced interest rate for farm ownership, operating purposes, & disaster relief; maximum repayment period for operating loans that were extended 7 yrs. could be extended to 15 yrs.; 20% of operating loans to low-income, limited-resource borrowers.	Emergency loans only to family farms & up to $500,000 per person; removes Sec. authority to make emergency loans to applicants who are able to obtain credit elsewhere; maximum interest rate for emergency loans is 8%. Sec. may not restrict eligibility for real estate & operating loans to borrowers of loans that are outstanding. Clear title & homestead provisions included. Restrictions on land sales in areas with depressed land prices.
Interest buydown	No provision.	Available only in FY 86-88; buydown for 3 yrs. on FmHA-guaranteed loans with Government giving up to 2 points if matched by lender.
Food Stamps		
Authorization level	FY 85 = $11.7 bil. FY 86 = $11.871 bil. (President's budget projection).	FY 86 = $13.037 bil.; FY 87 = $13.936 bil.; FY 88 = $14.15[illegible] bil.; FY 89 = $14.695 bil.; FY 90 = $15.970 bil.
Sales tax	No provision; thus, States could impose a sales tax on food stamp purchases.	Prohibits sales taxes on food purchased with food stamps.
Earned income deduction	For determining eligibility, households could deduct 18% of earned income to compensate for taxes, union dues, & other work expenses.	Raises deduction to 20% on 5/1/86.

Provision	Old law	New law
Food Stamps (cont.)		
Dependent care & excess shelter deductions	A combined deduction allowed for actual dependent care costs &/or excess shelter cost (maximum in 1985, $139/mo.).	Separates the dependent care & excees shelter deductions. Raises excess shelter deduction to $147. Sets the maximum dependent care deduction at $160.
Work requirements	Persons between 18 & 60 who are physically & mentally fit required to register for work & accept suitable employment if offered. Exceptions include persons with dependents under age 6 & persons receiving unemployment compensation.	Requires all States to establish an employment & training program. Maximum cost to the State is $25/participant/month. Work registration suspended.
Asset limitations	Up to $1,500; $3,000 if two or more people & one was over 60.	Increased to $2,000 for individuals.
Puerto Rico nutrition assistance program	Omnibus Budget Reconciliation Act of 1981 provided for general nutrition assistance grant program in Puerto Rico & set funding at $825 million/yr.	Authorizes the following funding levels: FY 1986 = $825 mil.; FY 1987 = $853 mil.; FY 1988 = $880 mil.; FY 1989 = $908 mil.; FY 1990 = $937 mil.
Temporary emergency food assistance program	Program expired on 9/30/85 & was extended through temporary legislation.	Extends program to 9/30/87.

In areas such as the Southeast, where softwood pines compete for crop acres, the trees will provide farmers some income from program acres that would otherwise stand idle. Strips of trees are also proposed to prevent wind erosion. In the long run, tree cultivation reduces timber-harvesting pressure on existing forested land, which must be used for both wood production and other purposes (recreation, wildlife habitat, etc.). Thus, forestry is a further environmental benefit of the new farm bill.

The conservation reserve will also give wildlife and small game that nest on farms the advantage of long-term cover on idled acres. Annual acreage reduction programs provide little wildlife shelter because of the limited period for which groundcover is provided.

The conservation reserve can include land other than highly erodible acres if such inclusion would reduce environmental damage. Buffer strips or extra protection for fragile water resources are potential uses of the reserve. However, because the reserve will be directed at areas accounting for the most soil erosion, the major contribution to natural resources will be reducing erosion sedimentation and nutrient pollution in streams, lakes, and estuaries. This benefit will support State and local water quality programs.

Consistency Sought With Other Programs

The conservation title in the farm bill is also designed to cut price support outlays. The sodbuster and swampbuster provisions reduce the price-depressing effect of having more land brought under the plow during crop surplus years. The reserve has the potential to reduce deficiency and storage payments too, although much will depend on the rental payment levels used to attract land into the reserve. Since the amount farmers will accept to idle acres varies greatly, it is an advantage that the conservation reserve can accept large acreages from those farmers who will rent for less.

By reducing benefits from cultivating highly erodible land, the conservation compliance provision encourages more land to enter the conservation reserve. The result is new assistance to owners of highly erodible land, but also new requirements that may alter the distribution of program benefits.

Trade Title Provides New Tools

For trade, the Food Security Act of 1985 aims to provide the tools for U.S. agriculture to recapture lost export markets and its share of world trade. The act provides a number of instruments to promote agricultural exports directly and others to combat unfair trade practices. The greatest impact on U.S. sales should come from reduced loan rates in the commodity titles. Competing exporters, however, may view the new bill as another broadside in a trade war.

The United States' primary short-term credit program (GSM-102) has been authorized at $5 billion a year, the same as the fiscal 1985 level. Before 1985, the GSM-102 credit program was a critical factor in U.S. ability to compete in world markets. However, the difference between U.S. price/credit and competitor price/credit offerings grew so large last year that only about 60 percent of the available GSM credit was used by importers.

With sharply lower U.S. prices, the GSM-102 program will regain much of its attractiveness. For example, $300 million of credit would have bought around 2 million tons of U.S. wheat in fiscal 1985. If the new 1986/87 wheat loan rate of only $2.40 a bushel is fully reflected in export prices, the volume of wheat that can be purchased with $300 million will rise to 2.7 to 2.8 million tons.

In addition to the GSM-102 program, the new act authorizes $500 million to $1 billion a year for an intermediate credit guarantee program, with a payback period of 3 to 10 years (the GSM-102 program requires payment in 3 years). This longer repayment period will be attractive to importers with hard currency or credit constraints. Also, the longer repayment allows importers to gamble on repaying loans in substantially less expensive dollars if the U.S. dollar declines over the loan period.

Since the current buyer's market will likely continue for some time and a number of countries will still have limited import funds, credit will continue to be a critical component of the U.S. sales pitch. The cargo preference exemption will also help. Credit customers will no longer have to bear all of the burden of the added cost of shipping their purchases via U.S. vessels. However, the percentage of food aid that must be carried by U.S vessels will rise from its current 50 to 75 percent by 1988, with the Department of Transportation (DOT) picking up the added costs. If DOT lacks funds for the increased costs, then only 50 percent of these exports must go out on U.S. vessels.

Other promotion tools in the act, such as the targeted assistance and export enhancement programs, will not only provide funds to directly combat unfair trade practices, but also will give the Secretary additional ways to offset unfavorable movements in exchange, interest, or loan rates.

What Does This Mean For U.S. Exports?

It is difficult to determine how fast U.S. export recovery will take place. The degree of importers' sensitivity to changes in world prices is uncertain.

In a free market, a drop in world prices would lead to lower consumer prices and expanded consumption. However, many governments insulate their consumers and farmers from changes in world prices. Also, countries with limited hard currency or credit may use the savings from lower priced imports not for more food, but to purchase other imports or repay outstanding debts.

Still, the new farm legislation and the announcement of 1986/87 wheat and feed grain program provisions are causing concern among U.S. export competitors. Foreign producers benefited from the decline in U.S. market share. The additional export earnings provided critically needed hard currency to help repay debts and fund imports of agricultural and industrial products. Just like the United States during its boom export years, the competing exporters have come to depend on their earnings.

For example, between 1980/81 and 1984/85, the combined wheat production of Australia, Argentina, and Canada rose almost 15 million tons, with increased exports taking more than 12.5 million. The situation in the European Community was similar; wheat production was up 21 million tons, and net exports rose 5 million tons.

How competing exporters will react to the U.S. policy changes is unknown. Many countries may match the U.S. price declines in the short run. However, if the United States indicates through 1987/88 program provisions that it is committed to recapturing its dominant role in world markets, competitors may be forced to make substantial changes in their farm policies. Except possibly for the EC, no country has the budget to match the United States in a full-blown price war.

Food Stamp Funding Expanded

The 1985 farm bill continues the Food Stamp Program through September 30, 1990. Funding for Puerto Rico's block grant program is increased, and the Temporary Emergency Food Assistance Program is reauthorized for 2 years. The title expands authorization for nutrition education programs and nutrition monitoring of the needy. In total, the 1985 act is expected to increase Federal expenditures for food assistance programs by approximately $1 billion over the next 5 years.

The provisions that will have the greatest cost impact are the increased allowances for assets, which will make about 200,000 more households eligible for food stamps, and the increased allowances for work-related expenses, shelter, and dependent care costs that can be deducted from household income to determine both eligibility and benefit levels. These amendments could increase Food Stamp Program costs nearly $500 million during 1986-90.

The provision to include Job Training Partnership Act earnings as part of countable income will reduce program costs over the next 5 years by $150 to $200 million. The required implementation of employment and training programs by States may increase program costs by as much as $100 million a year. However, if the programs are successful, the reduction in the number of food stamp participants and in benefit levels should be about equal to the added costs. [*Text and charts for this article were prepared by Mike Dicks, Tom Fulton, Lewrene Glaser, Masao Matsumoto, Herb Moses, Clay Ogg, Jerry Rector, Pat Singer, Terry Townsend, and Larry Traub.*]

Upcoming Crop Reporting Board Releases

March

3	Egg Products
	Poultry Slaughter
5	Dairy Products
6	Celery
7	Vegetables
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14	Potato Stocks
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	Agricultural Prices

Summary Data

Key statistical indicators of the food and fiber sector

	1984	1985					1986		
	Annual	I	II	III	IV F	Annual F	I F	II F	Annual F
Prices received by farmers (1977=100)	142	135	130	123	126	129	126	126	125
Livestock & products	146	143	135	129	136	136	138	140	139
Crops	138	125	125	117	115	121	113	112	110
Prices paid by farmers, (1977=100)	155	154	152	149	149	151	150	152	150
Prod. items									
Commodities & services, int., taxes, & wages	164	163	164	162	162	163	163	165	164
Cash receipts 1/ ($ bil.)*	141	140	134	134	157-159	140-142	134-138	124-128	130-134
Livestock ($ bil.)	73	72	67	68	72-74	69-71	68-72	66-70	68-72
Crops ($ bil.)	69	68	67	66	84-86	70-72	63-67	56-60	60-64
Market basket (1967=100)	279	284	282	282	283	283	285	287	286-291
Retail cost	255	250	237	229	236	238	240	239	242-246
Farm value	293	304	309	313	310	309	305	308	311-317
Spread	34	33	31	30	31	31	31	31	32
Farm value/retail cost (%)									
Retail prices (1967=100)	303	309	310	310	311	310	313	316	316-322
Food	292	298	297	296	297	297	298	301	300-306
At home	333	341	346	349	351	347	353	358	357-364
Away-from home									
Agricultural exports ($ bil.) 2/	38.0	8.9	6.7	5.6	7.8	31.2	8.0	6.0	29.0
Agricultural imports ($ bil.) 2/	18.9	5.5	5.0	4.6	4.9	19.7	5.5	5.0	20.0
Livestock & products	114.9	112.4	120.1	121.3	119.0	118.2	115.5	6/ 78.9	6/ 89.4
Livestock & products (1974=100) 3/	23,418	5,691	5,917	6,166	5,774	23,548	5,750	5,525	22,600
Beef (mil. lb.)	14,720	3,618	3,741	3,552	3,810	14,721	3,575	3,575	14,400
Pork (mil. lb.)	479	119	120	126	134	499	120	105	465
Veal (mil. lb.)	371	93	83	85	91	352	90	78	350
Lamb & mutton (mil. lb.)	38,988	9,521	9,861	9,929	9,809	39,120	9,535	9,283	37,795
Red meats (mil. lb.)	12,999	3,229	3,513	3,484	3,370	13,596	3,400	3,650	14,250
Broilers (mil. lb.)	2,574	482	628	855	850	2,815	550	715	3,085
Turkeys (mil. lb.)	54,561	13,232	14,002	14,268	14,029	55,531	13,485	13,648	55,130
Total meats & poultry (mil. lb.)	5,705	1,430	1,408	1,408	1,441	5,687	1,415	1,410	5,700
Eggs (mil. dz.)	135.4	33.6	37.2	36.7	35.7	143.2	36.5	6/	6/
Milk (bil. lb.)	65.34	62.24	57.66	52.17	61.42	58.37	59-62	64-68	61-67
Choice steers, Omaha ($/cwt.)	48.86	47.32	43.09	43.62	45.05	44.77	44-47	44-48	44-50
Barrows & gilts, 7 markets ($/cwt.)									
Broilers-wholesale, 12-city weighted avg. dressed (cts./lb.)	55.6	51.5	50.7	50.9	50.2	50.8	49-52	49-53	47-53
Turkeys-wholesale, N.E., 8-16 lb. hens, dressed (cts./lb.)	74.4	68.9	65.1	77.9	90.1	75.5	58-61	56-60	59-65
Eggs, N.Y. Gr. A large, (cts./dz.)	80.9	61.7	60.0	68.3	75.9	66.5	70-73	63-67	66-72
Milk, all at farm ($/cwt.)	13.45	13.67	12.50	12.17	12.60	12.73	12.40-12.80	6/	6/
Crop prices at the farm 4/									
Wheat ($/bu.)	3.38	3.38	3.27	2.94	3.19	3.00-3.20	--	--	--
Corn ($/bu.)	2.65	2.64	2.67	2.44	2.20	2.30-2.50	--	--	--
Soybeans ($/bu.)	5.85	5.85	5.73	5.17	4.92	5.05-5.35	--	--	--
Upland cotton (cts./lb.)	5/ 57.5	52.6	58.3	57.2	55.3	--	--	--	--

1/ Quarterly cash receipts are seasonally adjusted at annual rates. 2/ Annual data are based on Oct.-Sept. fiscal years ending with the indicated year. 3/ Index of production weighted by prices in 1974. 4/ Quarterly prices are simple averages; annual prices are for marketing year beginning in year indicated. 5/ Weighted average. 6/ Milk projection not updated since rules and regulations to implement new dairy program have not been fully released. F = Forecast. Numbers may not add to totals due to rounding. *Seasonally adjusted at annual rates.

Indexes of prices received and paid by farmers, U.S. average

	Annual			1985						1986
	1983	1984	1985 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan p
	1977=100									
Prices received	135	142	129	136	122	121	123	127	128	124
All farm products	128	139	121	126	115	112	111	116	118	114
All crops	148	144	133	140	122	126	129	134	135	129
Food grains	143	145	122	130	118	111	105	109	113	115
Feed grains & hay	146	148	122	130	118	110	104	108	113	114
Feed grains	104	108	92	86	93	91	94	93	88	87
Cotton	155	153	156	162	148	157	157	154	146	146
Tobacco	102	109	84	91	78	76	74	76	76	78
Oil-bearing crops	128	203	187	196	188	186	192	196	178	155
Fruit	131	221	201	210	203	200	205	209	189	162
Fresh market 1/	130	135	130	130	124	115	113	135	178	154
Commercial vegetables	129	133	125	126	117	105	103	130	186	153
Fresh market	123	157	125	133	107	95	93	91	89	91
Potatoes 2/	141	146	136	145	128	128	134	138	137	134
Livestock & products	147	151	142	152	133	129	138	143	142	138
Meat animals	140	139	131	144	125	127	130	130	130	130
Dairy products	118	135	119	117	117	127	123	133	131	122
Poultry & eggs										
Prices paid	160	164	163	164	162	162	162	162	162	163
Commodities & services, interest, taxes, & wage rates	153	155	151	154	149	148	148	149	149	150
Production items	134	135	116	123	112	110	108	110	112	114
Feed	160	154	154	163	148	143	148	150	145	147
Feeder livestock	141	151	153	156	150	154	154	154	154	154
Seed	137	143	135	139	135	135	130	130	128	128
Fertilizer	125	128	128	129	128	128	128	128	128	128
Agricultural chemicals	202	201	201	195	203	203	202	205	206	203
Fuels & energy	152	147	146	148	145	145	144	144	144	145
Farm & motor supplies	170	182	193	189	193	193	193	199	199	198
Autos & trucks	174	181	178	182	177	174	174	174	174	174
Tractors & self-propelled machinery	171	180	183	183	184	184	184	184	184	184
Other machinery	138	138	136	137	136	136	136	135	136	136
Building & fencing	146	148	150	150	152	152	152	152	150	153
Farm services & cash rent	250	251	242	242	250	250	250	250	242	237
Interest payable per acre on farm real estate debt	129	132	133	133	135	135	135	135	133	136
Taxes payable per acre on farm real estate	148	151	154	154	154	154	150	150	150	150
Wage rates (seasonally adjusted)	159	161	157	160	156	155	154	155	155	156
Production items, interest, taxes, & wage rates	614	650	587	620	557	551	561	581	585	567
Prices received (1910-14=100)	1,104	1,130	1,121	1,127	1,117	1,113	1,112	1,116	1,116	1,121
Prices paid, etc. (Parity index) (1910-14=100)	56	58	52	55	50	50	50	52	52	51
Parity ratio 3/										

1/ Fresh market for noncitrus and fresh market and processing for citrus. 2/ Includes sweetpotatoes and dry edible beans. 3/ Ratio of index of prices received to index of prices paid, taxes, and wage rates. (1910-14=100).
p = preliminary.

Prices received by farmers, U.S. average

	Annual*			1985						1986
	1983	1984	1985 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan p
Crops										
All wheat ($/bu.)	3.58	3.46	3.20	3.38	2.89	3.01	3.09	3.23	3.25	3.10
Rice, rough ($/cwt.)	8.76	8.07	7.85	8.09	7.86	7.55	7.73	7.84	7.71	7.75
Corn ($/bu.)	2.99	3.05	2.49	2.64	2.44	2.29	2.12	2.20	2.29	2.33
Sorghum ($/cwt.)	4.89	4.60	3.98	4.16	3.84	3.28	3.30	3.47	3.76	3.72
All hay, baled ($/ton)	73.70	75.40	70.20	73.00	66.90	67.10	66.00	66.00	67.20	67.80
Soybeans ($/bu.)	6.73	7.02	5.42	5.91	5.10	4.99	4.85	4.92	5.00	5.12
Cotton, Upland (cts./lb.)	62.9	65.6	5.59	52.2	56.0	55.1	56.7	56.0	53.3	52.5
Potatoes ($/cwt.)	5.82	5.69	3.91	5.22	4.18	3.58	3.59	3.35	3.23	3.19
Dry edible beans ($/cwt.)	18.20	20.47	18.50	18.10	19.10	16.70	16.80	17.50	17.30	18.50
Apples for fresh use (cts./lb.)	13.2	16.7	15.9	14.7	18.2	17.7	17.3	17.5	17.7	17.0
Pears for fresh use ($/ton)	216	300	339	333	278	258	332	374	357	348
Oranges, all uses ($/box) 1/	3.90	9.37	6.69	8.39	4.74	5.01	5.11	5.76	5.07	4.05
Grapefruit, all uses ($/box) 1/	2.08	3.19	4.40	4.02	5.13	6.07	4.01	3.19	3.71	3.70
Livestock										
Beef cattle ($/cwt.)	55.80	57.60	54.00	57.30	49.40	49.10	52.10	54.80	53.70	52.10
Calves ($/cwt.)	62.10	60.20	62.40	64.10	61.40	58.30	60.20	61.40	58.80	58.90
Hogs ($/cwt.)	46.20	47.60	43.90	48.00	42.50	39.70	43.10	43.20	45.30	44.20
Lambs ($/cwt.)	55.50	60.30	68.10	63.40	70.80	70.20	67.80	66.00	62.70	64.40
All milk, sold to plants ($/cwt.)	13.60	13.50	12.70	14.00	12.10	12.30	12.60	12.60	12.60	12.60
Milk, manuf. grade ($/cwt.)	12.63	12.54	11.77	12.90	11.10	11.40	11.70	11.70	11.70	11.70
Broilers (cts./lb.)	29.3	33.1	30.1	30.9	28.7	31.6	27.7	31.8	30.0	30.5
Eggs (cts./doz.) 2/	63.1	70.2	57.3	51.7	57.8	62.2	63.5	66.2	66.2	65.1
Turkeys (cts./lb.)	36.5	46.6	48.0	51.9	48.3	51.8	57.0	58.4	60.0	35.7
Wool (cts./lb.) 3/	61.5	76.5	67.0	68.2	62.5	61.3	70.1	56.6	57.9	54.3

1/ Equivalent on-tree returns. 2/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 3/ Average local market price, excluding incentive payments. *Calendar year averages. p = preliminary.

Producer and Consumer Prices

Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1984	1985							
	1985	Dec	May	June	July	Aug	Sept	Oct	Nov	Dec
					1967=100					
Consumer price index, all items	322.2	315.5	321.3	322.3	322.8	323.5	324.5	325.5	326.6	327.4
Consumer price index, less food	323.3	316.2	322.4	323.6	324.2	325.0	326.2	327.4	328.5	328.9
All food	309.8	305.1	308.9	309.3	309.5	309.7	309.9	309.8	311.0	313.2
Food away from home	346.6	339.2	345.1	346.9	347.3	348.4	349.9	350.3	351.3	352.1
Food at home	296.8	293.2	296.2	296.0	296.2	295.9	295.6	295.3	296.6	299.3
Meats 1/	265.5	269.6	263.4	263.0	262.7	261.2	260.4	261.2	266.3	270.1
Beef & veal	269.7	276.2	269.0	267.4	264.7	261.8	261.1	263.2	270.8	277.8
Pork	253.1	254.6	247.8	248.6	253.1	253.8	252.1	249.9	254.0	254.7
Poultry	216.4	213.8	213.6	216.0	214.7	213.9	215.9	214.3	216.8	220.3
Fish	405.9	392.2	395.8	397.2	402.7	406.1	408.6	407.9	419.0	420.3
Eggs	174.3	185.7	159.9	158.5	168.4	171.0	185.7	187.4	190.8	196.7
Dairy products 2/	258.0	258.4	258.4	257.8	257.8	257.4	258.0	257.1	257.1	256.9
Fats & oils 3/	294.4	293.7	294.0	296.0	297.8	297.1	294.8	291.2	292.1	290.3
Fruits & vegetables	325.7	309.7	330.3	329.0	328.9	326.3	319.9	317.1	314.3	323.9
Fresh	330.3	312.6	346.9	343.9	343.1	337.4	326.2	322.1	317.5	337.1
Processed	314.1	309.3	315.0	315.5	316.1	316.9	315.9	314.4	313.5	312.3
Cereals & bakery products	317.0	310.7	315.9	317.3	317.3	318.5	319.2	318.9	319.9	321.9
Sugar & sweets	398.8	391.7	397.6	398.3	400.2	401.8	401.1	402.6	401.4	402.2
Beverages, nonalcoholic	451.7	443.4	454.1	451.5	448.2	449.6	452.8	454.1	451.7	448.8
Apparel commodities less footwear	188.1	185.9	187.3	186.3	184.1	187.3	192.6	194.0	193.6	191.1
Footwear	212.1	211.4	213.2	213.9	211.4	210.3	210.9	212.3	215.5	213.1
Tobacco products	328.5	314.6	324.1	324.8	330.0	331.5	332.8	334.4	334.7	337.4
Beverages, alcoholic	229.5	223.9	227.7	227.8	227.8	228.9	229.3	236.4	236.2	236.2

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter.

Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1984	1985					
	1982	1983	1984	Dec	July	Aug	Sept	Oct	Nov	Dec
					1967=100					
Finished goods 1/	280.7	285.2	291.2	292.0	294.8	293.5	290.2	294.8	296.7	297.2
Consumer foods	259.3	261.8	273.5	273.6	271.2	268.7	266.5	268.7	272.0	274.4
Fresh fruit	236.9	252.0	252.8	270.1	239.7	269.9	249.9	244.0	261.1	270.1
Fresh & dried vegetables	246.5	248.9	278.3	217.9	286.6	234.9	212.1	206.4	202.8	244.8
Eggs	178.7	n.a.	210.8	187.5	164.0	168.9	188.3	191.1	195.2	200.0
Bakery products	275.4	285.9	299.0	305.0	314.0	315.9	316.1	317.9	317.8	319.3
Meats	250.6	236.4	236.7	236.2	227.3	221.0	213.9	224.9	231.7	232.7
Beef & veal	245.0	236.3	236.9	234.0	211.3	204.1	200.2	214.5	225.8	224.5
Pork	251.1	227.5	226.2	230.5	238.8	229.5	213.8	227.4	228.2	233.2
Poultry	178.7	185.3	206.1	200.6	197.2	195.1	201.9	199.2	209.9	204.9
Fish	422.4	445.2	485.3	506.5	446.5	461.5	486.1	486.3	544.1	556.4
Dairy products	248.9	250.6	251.7	255.8	248.0	246.9	246.2	245.5	246.2	246.2
Processed fruits & vegetables	274.5	277.4	294.2	293.5	299.8	299.9	296.4	294.7	290.0	288.8
Shortening & cooking oils	234.4	254.7	311.5	308.8	301.4	283.6	270.6	262.6	264.8	262.4
Consumer finished goods less foods	287.8	291.4	294.1	294.8	299.2	297.8	294.7	299.4	301.1	301.1
Beverages, alcoholic	197.8	205.0	209.9	209.3	214.0	213.6	214.6	215.4	215.9	215.8
Soft drinks	319.1	327.4	340.5	345.2	343.5	339.5	343.8	346.6	339.2	341.0
Apparel	194.4	197.4	201.1	202.1	204.3	204.8	205.1	205.1	204.9	205.1
Footwear	245.0	250.1	251.2	252.6	257.0	258.1	259.3	259.6	259.2	258.9
Tobacco products	323.2	365.4	399.5	402.9	435.9	436.0	436.0	435.8	435.7	435.5
Intermediate materials 2/	310.4	312.3	320.0	319.9	318.6	317.9	317.9	317.8	318.1	318.8
Materials for food manufacturing	255.1	258.4	271.1	268.2	260.3	253.0	250.2	252.3	253.6	253.0
Flour	183.4	186.2	185.2	183.5	179.9	176.3	178.4	180.8	183.8	183.9
Refined sugar 3/	161.0	172.1	173.5	170.2	166.1	165.2	165.1	163.7	163.0	162.9
Crude vegetable oils	159.6	194.2	262.1	252.0	239.0	190.5	186.2	180.5	168.5	163.4
Crude materials 4/	319.5	323.6	331.0	322.4	303.9	295.3	292.4	298.0	305.6	304.7
Foodstuffs & feedstuffs	247.8	252.2	259.7	253.0	231.6	221.0	215.9	224.5	236.7	236.8
Fruits & vegetables 5/	253.7	262.1	278.0	252.0	275.7	261.2	239.3	233.5	239.6	266.9
Grains	210.9	240.4	239.7	212.5	204.9	185.1	181.1	176.3	191.5	195.6
Livestock	257.8	243.1	251.8	252.3	224.0	211.6	198.5	226.2	238.5	237.9
Poultry, live	191.9	206.5	240.6	231.7	227.6	216.0	244.5	225.2	254.8	235.2
Fibers, plant & animal	202.9	227.0	228.4	203.0	201.7	194.5	191.1	191.3	189.8	186.6
Milk	282.5	282.0	278.3	287.5	256.1	255.1	255.9	256.0	257.3	255.2
Oilseeds	214.5	245.3	253.3	216.2	206.7	190.1	187.3	175.7	194.1	193.2
Coffee, green	311.5	300.1	308.0	310.2	310.2	310.2	310.2	310.2	310.2	310.2
Tobacco, leaf	269.9	274.2	272.7	290.9	276.4	259.6	276.4	275.9	271.0	257.2
Sugar, raw cane	278.4	315.9	312.0	304.5	302.5	296.3	288.8	272.8	267.0	272.6
All commodities	299.3	303.1	310.3	309.8	309.0	307.3	305.8	308.0	309.7	310.2
Industrial commodities	312.3	315.7	322.6	323.0	324.4	323.7	322.5	324.4	325.0	325.2
All foods 6/	254.4	257.5	269.4	268.5	264.8	261.4	258.8	260.6	264.4	266.8
Farm products & processed foods & feeds	248.9	253.9	262.6	258.6	249.6	244.0	241.4	245.3	251.0	252.1
Farm products	242.4	248.2	255.7	245.7	229.3	218.0	212.9	219.5	230.1	231.6
Processed foods & feeds	251.5	255.9	265.3	264.5	259.7	257.3	256.0	258.4	261.5	262.3
Cereal & bakery products	253.8	261.0	270.4	273.6	279.8	280.0	280.4	282.2	282.2	283.0
Sugar & confectionery	269.7	292.8	301.4	295.7	293.8	291.4	290.6	286.6	285.6	286.1
Beverages	256.9	263.6	273.2	275.6	276.2	275.1	276.7	277.7	276.4	278.7

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977 = 100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977 = 100). n.a. = not available.

Farm-Retail Price Spreads

Market basket of farm foods

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Market basket 1/										
Retail cost (1967=100)	268.7	279.3	282.6	279.9	282.3	281.6	281.0	280.5	282.1	285.4
Farm value (1967=100)	242.3	255.4	237.8	252.7	236.2	227.0	222.4	226.7	238.1	243.1
Farm-retail spread (1967=100)	284.3	293.3	308.9	295.9	309.4	313.7	315.4	312.6	307.9	310.3
Farm value/retail cost (%)	33.4	33.9	31.2	33.0	31.2	29.8	29.3	29.9	31.2	31.5
Meat products										
Retail cost (1967=100)	267.2	268.1	265.5	269.6	262.7	261.2	260.4	261.2	266.3	270.1
Farm value(1967=100)	235.8	241.5	221.8	244.5	217.4	202.3	196.9	209.5	226.4	233.5
Farm-retail spread (1967=100)	304.0	299.1	316.6	297.7	315.7	330.2	334.8	321.7	313.0	312.9
Farm value/retail cost (%)	47.6	48.6	45.1	49.2	44.7	41.8	40.8	43.3	45.9	46.6
Dairy products										
Retail cost (1967=100)	250.0	253.2	258.0	258.4	257.8	257.4	258.0	257.1	257.1	256.9
Farm value (1967=100)	262.1	258.8	248.3	267.3	244.0	243.6	240.1	241.4	238.8	238.7
Farm-retail spread (1967=100)	239.3	248.3	266.5	250.5	269.9	269.6	273.8	271.1	273.2	272.9
Farm value/retail cost (%)	49.0	47.8	45.0	48.4	44.2	44.2	43.5	43.9	43.4	43.4
Poultry										
Retail cost (1967=100)	197.5	218.5	216.4	213.8	214.7	213.9	215.9	214.3	216.8	220.3
Farm value (1967=100)	213.0	249.9	234.9	243.5	232.8	227.8	249.0	234.9	259.2	251.8
Farm-retail spread (1967=100)	182.4	188.1	198.4	184.4	197.2	200.4	183.8	194.4	175.7	189.8
Farm value/retail cost (%)	53.1	56.3	53.4	56.2	53.3	52.4	56.7	53.9	58.8	56.2
Eggs										
Retail cost (1967=100)	187.1	209.0	174.3	185.7	168.4	171.0	185.7	187.4	190.8	196.7
Farm value (1967=100)	206.1	230.3	178.9	189.2	162.1	180.6	199.0	204.5	216.1	215.7
Farm-retail spread (1967=100)	159.5	178.2	167.6	180.6	177.5	157.2	166.5	162.6	154.3	169.1
Farm value/retail cost (%)	65.1	65.1	60.7	60.2	56.9	62.4	63.3	64.5	66.9	64.8
Cereal & bakery products										
Retail cost (1967=100)	292.5	305.3	317.0	310.7	317.3	318.5	319.2	318.9	319.9	321.9
Farm value (1967=100)	186.6	192.0	175.6	180.8	169.8	164.2	166.8	163.5	171.0	166.7
Farm-retail spread (1967=100)	314.0	328.7	346.3	337.2	347.8	350.4	350.7	350.5	350.7	354.0
Farm value/retail cost (%)	11.1	10.8	9.5	10.1	9.2	8.8	8.8	8.9	9.2	8.9
Fresh fruits										
Retail cost (1967=100)	303.6	345.3	383.5	353.5	394.9	400.5	391.3	382.5	359.5	358.4
Farm value (1967=100)	220.6	315.1	299.1	330.9	285.4	276.7	275.1	286.8	325.0	341.0
Farm-retail spread (1967=100)	340.8	358.9	421.4	363.6	444.3	456.1	443.5	425.5	375.0	366.2
Farm value/retail cost (%)	22.5	28.3	24.2	29.0	22.4	21.4	21.8	23.2	28.0	29.5
Fresh vegetables										
Retail costs (1967=100)	299.3	331.8	317.5	294.8	317.9	301.4	286.7	288.1	300.0	338.3
Farm value (1967=100)	267.4	298.7	235.0	217.1	309.5	289.4	210.4	183.3	208.7	286.3
Farm-retail spread (1967=100)	314.3	347.4	356.2	331.5	321.8	307.1	322.6	337.4	342.9	362.7
Farm value/retail cost (%)	28.6	28.8	23.7	23.5	31.3	30.7	23.5	20.4	22.2	27.1
Processed fruits & vegetables										
Retail cost (1967=100)	288.8	306.1	314.1	309.3	316.1	316.9	315.9	314.4	313.5	312.3
Farm value (1967=100)	300.5	343.5	372.4	365.5	378.4	377.5	372.1	375.3	370.5	352.4
Farm-retail spread (1967=100)	286.2	297.8	301.2	296.9	302.2	303.6	303.4	301.3	300.9	303.4
Farm value/retail costs (%)	18.9	20.3	21.5	21.4	21.7	21.6	21.4	21.5	21.4	20.4
Fats & oils										
Retail cost (1967=100)	263.1	288.0	294.4	293.7	297.8	297.1	294.8	291.2	292.1	290.3
Farm value (1967=100)	251.0	324.8	271.3	297.6	290.0	240.2	224.0	224.0	211.4	221.6
Farm-retail spread (1967=100)	267.8	273.8	303.3	292.2	300.8	319.0	322.0	317.0	323.2	316.7
Farm value/retail cost (%)	26.5	31.3	25.6	28.2	27.1	22.5	21.1	21.4	20.1	21.2

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditure, Statistical Bulletin 713, ERS, USDA.

Farm retail price spreads

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Beef, Choice										
Retail price 1/ (cts./lb.)	238.1	239.6	232.6	240.3	230.6	225.5	223.6	224.2	229.9	236.9
Net carcass value 2/ (cts.)	145.4	147.6	135.2	149.5	122.6	119.8	121.4	136.0	148.8	147.7
Net farm value 3/ (cts.)	136.2	140.0	126.8	142.5	114.0	112.0	111.1	127.6	138.1	137.4
Farm-retail spread (cts.)	101.9	99.6	105.8	97.8	116.6	113.5	112.5	96.6	91.8	99.5
Carcass-retail spread 4/ (cts.)	92.7	92.0	97.4	90.8	108.0	105.7	102.2	88.2	81.1	89.2
Farm-carcass spread 5/ (cts.)	9.2	7.6	8.4	7.0	8.6	7.8	10.3	8.4	10.7	10.3
Farm value/retail price (%)	57	58	55	59	49	50	50	57	60	58
Pork										
Retail price 1/ (cts./lb.)	169.8	162.0	162.0	163.5	161.7	161.8	159.8	160.0	162.4	166.5
Wholesale value 2/ (cts.)	108.9	110.1	101.1	112.7	99.9	96.8	93.1	98.7	99.6	103.5
Net farm value 3/ (cts.)	76.5	77.4	71.4	79.6	74.6	69.8	64.3	70.5	70.6	75.3
Farm-retail spread (cts.)	93.3	84.6	90.6	83.9	87.1	92.0	95.5	89.5	91.8	91.2
Wholesale-retail spread 4/ (cts.)	60.9	51.9	60.9	50.8	61.8	65.0	66.7	61.3	62.8	63.0
Farm-wholesale spread 5/ (cts.)	32.4	32.7	29.7	33.1	25.3	27.0	28.8	28.2	29.0	28.2
Farm value/retail price (%)	45	48	44	49	46	43	40	44	43	45

1/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from BLS.
2/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts.
3/ Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts.
4/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 5/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Price indexes of food marketing costs[1]

	Annual			1984		1985			
	1983	1984	1985	III	IV	I	II	III	IV p
				1967=100					
Labor-hourly earnings	356.8	367.3	367.3	366.8	368.9	369.7	368.1	365.3	366.2
and benefits	341.9	351.2	358.8	350.1	351.7	357.2	360.0	357.2	360.6
Processing	358.1	376.4	389.3	378.5	382.0	385.2	387.8	391.7	392.4
Wholesaling	371.1	379.4	366.1	378.5	380.1	375.3	367.5	361.5	360.2
Retailing									
Packaging & containers	280.7	307.6	308.2	308.2	314.8	314.5	312.9	309.8	295.5
Paperboard boxes & containers	251.0	281.1	275.1	284.1	292.5	286.3	279.4	269.7	264.9
Metal cans	374.3	397.3	414.3	391.2	407.4	413.7	414.3	414.6	414.6
Paper bags & related products	265.4	280.9	288.1	282.8	287.3	290.9	289.2	286.4	285.9
Plastic films & bottles	226.2	272.1	255.2	272.1	272.1	272.1	272.1	272.1	204.7
Glass containers	352.4	360.8	379.8	365.7	364.6	367.4	377.6	386.9	387.1
Metal foil	214.0	226.9	213.8	230.0	226.1	216.6	218.2	211.3	209.0
Transportation services	374.5	390.9	393.9	391.9	394.1	394.0	393.9	393.9	393.9
Advertising	280.2	300.5	320.7	302.3	304.7	315.3	319.0	322.6	325.8
Fuel & power	705.1	712.5	699.7	718.5	709.0	695.:	702.8	689.6	711.4
Electric	417.9	440.0	453.8	455.7	443.5	446.5	452.5	462.6	453.6
Petroleum	895.9	880.4	821.5	863.3	857.5.	818.6	823.0	766.4	878.0
Natural gas	1,155.0	1,162.9	1,155.8	1,181.9	1,173.0	1,155.0	1,173.3	1,170.8	1,124.2
Communications, water & sewage	199.6	215.5	224.9	216.6	219.1	219.7	222.4	228.0	229.3
Rent	260.6	261.6	268.2	262.4	264.4	266.2	266.3	270.2	270.2
Maintenance & repair	338.2	350.3	360.3	352.1	354.5	357.9	358.4	360.7	364.1
Business services	291.9	306.1	321.3	308.4	311.7	315.8	320.6	323.7	324.9
Supplies	286.5	288.5	287.8	289.0	288.3	287.7	287.7	288.5	287.3
Property taxes & insurance	327.5	343.7	362.0	345.2	348.9	353.8	358.1	365.5	370.7
Interest, short-term	174.0	198.8	157.2	218.1	181.1	170.1	157.5	150.7	150.7
Total marketing cost Index	342.4	358.1	360.0	358.8	361.5	361.1	360.9	359.2	358.7

1/ Indexes measure changes in employee wages and benefits and in prices of supplies and services used in processing, wholesaling, and retailing U.S. farm foods purchased for at-home consumption. p = preliminary.

Note: Annual historical data on food marketing cost indexes may be found in Food Consumption, Prices, and Expenditures, Statistical Bulletin 713, ERS, USDA.

Poultry and eggs

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Broilers										
Federally inspected slaughter, certified (mil. lb.)	12,389	12,999	13,556	995.4	1,203.3	1,211.1	1,070.4	1,251.9	997.8	1,081.0
Wholesale price, 12-city, (cts./lb.) 1/	49.4	55.6	50.8	49.0	50.2	50.1	52.2	48.3	53.7	48.7
Price of grower feed ($/ton)	223	233	198	215	196	192	189	181	182	186
Broiler-feed price ratio (lb.) 2/	2.6	2.8	3.0	2.7	3.1	3.0	3.3	3.1	3.5	3.2
Stocks beginning of period (mil. lb.)	22.3	21.2	19.7	20.5	28.5	30.1	29.3	27.7	28.5	27.6
Avg. weekly placements of broiler chicks, 19 States (mil.)	79.6	83.1	87.0	84.4	87.0	86.4	84.3	81.4	83.2	89.1
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	2,563	2,574	2,793	182.8	271.1	300.4	286.3	341.2	281.7	205.5
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.5	74.4	75.5	97.3	72.8	78.4	82.4	90.2	93.1	86.9
Price of turkey grower feed ($/ton)	247	245	212	220	210	211	209	207	212	213
Turkey-feed price ratio (lb.) 2/	3.0	3.8	4.5	5.5	4.2	4.6	5.0	5.5	5.5	5.6
Stocks beginning of period (mil.lb.)	203.9	161.8	125.3	195.6	243.3	304.7	387.8	444.5	484.0	208.2
Poults placed in U.S. (mil.)	181.8	190.0	197.8	12.1	19.4	15.4	10.8	12.2	12.7	14.4
Eggs										
Farm production (mil.)	68,169	68,230	68,407	6,040	5,660	5,688	5,549	5,761	5,662	5,878
Average number of layers (mil.)	276	278	277	286	271	273	275	278	280	280
Rate of lay (eggs per layer on farms)	247	245	247	21.1	20.9	20.9	20.2	20.7	20.2	21.0
Cartoned price, New York, grade A large (cts./doz.) 3/	75.2	80.9	66.4	63.8	60.2	69.8	73.5	73.8	77.8	76.0
Price of laying feed ($/ton)	204	206	182	187	181	178	177	175	178	179
Egg-feed price ratio (lb.) 2/	6.2	6.8	6.3	6.2	5.8	6.5	7.0	7.3	7.4	7.4
Stocks, first of month										
Shell (thou. cases)	34	13	31	35	21	30	20	22	23	28
Frozen (mil. lb.)	25.4	11.8	13.4	16.2	14.8	18.0	18.4	16.4	15.1	13.8
Replacement chicks hatched (mil.)	407	459	406	27.1	31.8	32.2	33.5	33.2	33.2	34.3

1/ 12-city composite weighted average beginning April 25, 1983. 2/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 3/ Price of cartoned eggs to volume buyers for delivery to retailers. 4/ Not reported.

Wool

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. wool price, Boston 1/ (cts./lb.)	212	229	192	214	193	193	193	193	193	193
Imported wool price, Boston 2/ (cts./lb.)	248	241	197	230	195	196	194	197	190	193
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	126,729	128,982	106,384	9,381	6,526	7,640	10,523	8,568	8,931	8,053
Carpet wool (thou. lb.)	13,851	13,088	11,750	799	691	1,075	1,120	797	655	685

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4'' and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Milk prices, Minnesota-Wisconsin,										
3.5% fat ($/cwt.) 1/	12.49	12.29	11.48	12.52	11.10	11.08	11.12	11.21	11.19	11.18
Price of 16% dairy ration ($/ton)	188	191	168	176	168	165	163	162	163	165
Milk-feed price ratio (lb.) 2/	1.45	1.42	1.51	1.59	1.44	1.47	1.51	1.56	1.55	1.53
Wholesale prices										
Butter, Grade A Chi. (cts./lb.)	147.3	148.8	141.1	145.6	141.5	140.7	141.2	141.6	139.5	139.1
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.0	127.7	137.5	124.7	124.2	124.3	124.3	123.7	123.8
Nonfat dry milk, (cts./lb.) 3/	93.2	90.9	81.0	91.5	81.4	80.9	80.8	80.6	80.5	80.4
USDA net removals										
Total milk equiv. (mil. lb.) 4/	16,813.7	8,637.0	13,174.1	397.2	1,143.4	755.0	718.7	732.0	640.8	833.5
Butter (mil. lb.)	413.2	202.3	334.2	10.5	20.2	11.9	13.3	18.2	12.5	21.5
Am. cheese (mil. lb.)	832.8	447.3	629.0	18.1	72.7	51.0	44.7	35.6	38.3	39.1
Nonfat dry milk (mil. lb.)	1,061.0	678.4	940.6	36.0	104.7	87.2	71.4	78.9	55.1	75.1
Milk										
Total milk production (mil. lb.)	139,672	135,444	143,113	10,967	12,403	12,291	11,960	12,046	11,572	11,978
Milk per cow (lb.)	12,585	12,495	12,986	1,014	1,120	1,107	1,072	1,079	1,035	1,071
Number of milk cows (thou.)	11,098	10,840	11,018	10,814	11,070	11,103	11,154	11,160	11,186	11,181
Stocks, beginning 4/										
Total (mil. lb.)	20,054	22,646	16,429	17,993	16,045	16,130	15,834	15,288	14,432	13,692
Commercial (mil. lb.)	4,603	5,234	4,937	4,798	5,525	5,528	5,250	5,038	4,934	4,705
Government (mil. lb.)	15,451	17,412	11,492	13,195	10,520	10,602	10,585	10,250	9,498	8,987
Imports, total (mil. lb.) 4/	2,616	2,741	2,777	296	196	213	246	306	287	299
Commercial disappearance milk equiv. (mil. lb.)	122,474	126,770	130,534	10,466	11,255	11,829	11,507	11,526	11,255	11,406
Butter										
Production (mil. lb.)	1,299.2	1,103.3	1,260.1	95.1	94.7	91.3	93.6	109.0	101.5	115.9
Stocks, beginning (mil. lb.)	466.8	499.4	296.5	335.9	286.8	280.7	264.6	247.0	231.6	206.9
Commercial disappearance (mil. lb.)	881.7	902.7	931.9	77.9	73.4	90.4	80.7	87.2	93.0	96.1
American cheese										
Production (mil. lb.)	2,927.7	2,648.2	2,854.2	210.0	251.4	248.9	221.8	230.5	221.9	235.9
Stocks, beginning (mil. lb.)	981.4	1,161.5	960.5	1,036.2	925.0	941.1	946.3	933.1	883.3	865.6
Commercial disappearance (mil. lb.)	2,083.3	2,253.6	2,280.4	194.3	188.2	203.2	195.7	210.2	195.3	208.0
Other cheese										
Production (mil. lb.)	1,891.8	2,025.5	2,154.7	186.2	177.9	175.8	182.4	198.8	190.4	199.5
Stocks, beginning (mil. lb.)	82.8	104.9	101.4	98.4	107.3	110.0	106.1	99.5	97.3	95.0
Commercial disappearance (mil. lb.)	2,134.3	2,310.9	2,444.7	215.5	195.6	202.6	215.2	233.6	221.7	231.7
Nonfat dry milk										
Production (mil. lb.)	1,499.9	1,158.9	1,390.8	85.5	141.5	132.2	105.8	105.8	96.7	115.7
Stocks, beginning (mil. lb.)	1,282.0	1,405.2	1,247.6	1,279.0	1,085.0	1,105.6	1,068.7	1,032.2	1,034.9	1,042.7
Commercial disappearance (mil. lb.)	459.9	496.0	435.8	26.9	43.7	51.0	34.2	37.2	44.1	31.2
Frozen dessert production (mil. gal.) 5/	1,224.2	1,229.1	1,242.4	75.1	136.6	126.7	106.5	97.3	81.1	79.0

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and hard sherbet.

Meat animals

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Cattle on feed (7-States)										
Number on feed (thou. head) 1/	8,316	8,006	7,420	8,544	7,057	6,404	6,155	6,461	7,582	7,892
Placed on feed (thou. head)	19,727	20,772	1,612	1,624	1,078	1,510	1,988	2,779	1,776	1,480
Marketings (thou. head)	18,680	18,785	1,582	1,414	1,670	1,670	1,603	1,573	1,380	1,401
Other disappearance (thou. head)	1,354	1,376	94	137	61	61	79	85	76	111
Beef steer-corn price ratio, Omaha (bu.)2/	20.6	21.6	23.3	25.6	20.6	21.7	21.8	25.7	27.8	26.7
Hog-corn price ratio, Omaha (bu.) 2/	15.9	16.1	17.8	19.6	17.9	18.2	17.1	19.5	19.3	19.8
Market prices ($ per cwt.)										
Slaughter cattle:										
Choice steers, Omaha	62.37	65.34	58.37	65.32	53.26	51.94	51.29	58.02	63.30	62.94
Utility cows, Omaha	39.35	39.81	38.32	36.56	36.10	35.90	34.78	33.14	34.86	33.88
Choice vealers, S. St. Paul	72.97	63.95	58.28	50.00	62.25	58.59	60.00	60.00	55.00	45.94
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	63.70	65.28	64.56	66.28	60.76	61.52	60.25	62.37	62.86	60.98
Slaughter hogs:										
Barrows & gilts, 7-markets	47.71	48.86	44.77	50.12	46.99	43.50	40.38	44.09	44.14	46.91
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	34.03	39.12	37.20	35.58	31.74	34.17	31.11	36.49	31.67	28.65
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	57.40	62.18	68.61	65.25	71.50	71.69	69.75	67.25	64.17	59.33
Ewes, Good, San Angelo	16.85	20.90	34.02	30.17	37.94	32.50	33.62	30.25	32.83	36.67
Feeder lambs:										
Choice, San Angelo	54.87	61.02	85.91	69.00	73.82	74.34	76.50	81.65	87.92	84.67
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	97.83	98.01	90.76	101.22	82.22	80.02	81.14	91.11	98.84	99.68
Canner & Cutter cow beef	78.48	74.70	74.13	70.31	73.32	74.02	70.23	68.12	68.37	67.08
Pork loins, 8-14 lb. 3/	--	96.36	91.51	95.40	96.85	93.77	89.44	97.85	100.34	90.00
Pork bellies, 12-14 lb.	60.58	60.08	59.50	64.31	62.53	54.17	51.40	52.09	58.63	51.73
Hams, skinned, 14-17 lb.	75.60	78.22	67.50	90.86	65.79	63.92	65.00	72.00	66.67	n.a.
Commercial slaughter (thou. head)*										
Cattle	36,649	37,570	36,289	2,978	3,139	3,215	2,998	3,242	2,812	2,924
Steers	17,486	17,474	16,906	1,255	1,523	1,519	1,397	1,408	1,238	1,293
Heifers	10,758	10,691	11,235	895	987	1,060	978	1,024	799	830
Cows	7,597	8,617	7,387	735	562	569	560	737	710	743
Bulls & stags	808	789	758	59	67	67	63	72	65	58
Calves	3,076	3,292	3,385	268	291	289	292	319	288	316
Sheep & lambs	6,619	6,758	6,179	530	502	517	497	571	476	505
Hogs	87,584	85,156	84,469	6,993	6,600	7,017	6,941	7,789	7,012	6,898
Commercial production (mil. lb.)										
Beef	23,058	23,410	23,548	1,830	2,059	2,122	1,985	2,109	1,812	1,853
Veal	429	477	498	39	43	41	42	46	42	46
Lamb & mutton	368	372	352	30	28	29	28	33	28	30
Pork	15,120	14,718	14,721	1,220	1,146	1,210	1,196	1,358	1,237	1,215

	Annual			1984		1985				1986
	1983	1984	1985	III	IV	I	II	III	IV	I
Cattle on feed (13-States)										
Number on feed (thou. head) 1/	10,271	9,908	9,694	8,700	9,000	10,653	9,688	8,670	7,937	9,694
Placed on feed (thou. head)	23,776	24,884	--	6,252	7,559	5,315	5,206	5,480	7,275	--
Marketings (thou. head)	22,548	22,525	--	5,684	5,507	5,907	5,787	5,969	5,194	5/ 5,810
Other disappearance (thou. head)	1,591	1,632	--	268	417	373	437	244	324	--
Hogs & pigs (10-States) 4/										
Inventory (thou. head) 1/	44,150	42,420	41,100	41,915	43,180	42,420	39,530	41,450	41,820	41,100
Breeding (thou. head) 1/	5,638	5,348	5,258	5,771	5,550	5,348	5,215	5,397	5,377	5,258
Market (thou. head) 1/	38,512	37,072	35,842	36,144	37,630	37,072	34,315	36,053	36,443	35,842
Farrowings (thou. head)	9,735	9,020	--	2,259	2,316	1,935	2,420	2,191	2,265	1/ 1,956
Pig crop (thou. head)	72,733	67,680	--	17,158	17,420	14,690	18,762	16,941	17,255	--

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs. 4/ Quarters are Dec. preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. *Classes estimated.

Supply and utilization: domestic measure[1]

	Area										
	Planted	Harvested	Yield	Production	Total supply 2/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 3/
	Mil. acres		Bu/acre			Mil. bu					$/bu
Wheat											
1981/82	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65
1982/83	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84*	76.4	61.4	39.4	2,420	3,939	376	735	1,429	2,540	1,399	3.53
1984/85*	79.2	66.9	38.8	2,595	4,003	411	743	1,424	2,578	1,425	3.38
1985/86*	75.6	64.7	37.5	2,425	3,862	325	750	950	2,025	1,837	3.00-3.20
	Mil. acres		lb/acre			Mil. cwt (rough equiv.)					$/cwt
Rice											
1981/82	3.83	3.79	4,819	182.7	199.6	4/ 9.0	59.6	82.0	150.6	49.0	9.05
1982/83	3.30	3.26	4,710	153.6	203.4	4/ 8.9	54.0	68.9	131.8	71.5	8.11
1983/84*	2.19	2.17	4,598	99.7	171.9	4/ 5.6	49.1	70.3	125.0	46.9	8.76
1984/85*	2.80	2.78	4,926	137.0	185.4	4/ 6.2	52.4	62.1	120.7	64.7	8.25
1985/86*	2.52	2.50	5,437	136.0	202.7	4/ 6.0	54.0	57.0	117.0	85.7	7.75-8.75
	Mil. acres		Bu/acre			Mil. bu					$/bu
Corn											
1981/82	84.1	74.5	108.9	8,119	9,154	4,202	812	1,967	6,980	2,174	2.50
1982/83	81.9	72.7	113.2	8,235	10,410	4,522	898	1,870	7,290	3,120	2.68
1983/84*	60.2	51.5	81.1	4,175	7,297	3,736	973	1,865	6,574	723	3.25
1984/85*	80.5	71.9	106.7	7,674	8,401	4,117	1,065	1,838	7,020	1,381	2.65
1985/86*	83.3	75.1	118.0	8,865	10,248	4,100	1,120	1,625	6,845	3,403	2.30-2.50
	Mil. acres		Bu/acre			Mil. bu					$/bu
Sorghum											
1981/82	15.9	13.7	64.0	876	984	428	11	249	688	296	2.38
1982/83	16.0	14.1	59.1	835	1,131	507	10	214	731	400	2.52
1983/84*	11.9	10.0	48.7	488	888	381	10	246	637	251	2.84
1984/85*	17.2	15.4	56.4	866	1,117	527	20	299	846	271	2.40
1985/86*	18.3	16.7	66.7	1,113	1,384	575	20	275	870	514	2.10-2.30
	Mil. acres		Bu/acre			Mil. bu					$/bu
Barley											
1981/82	9.6	9.0	52.4	474	620	198	174	100	473	148	2.44
1982/83	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22
1983/84*	10.4	9.7	52.3	509	733	283	169	92	544	189	2.50
1984/85*	12.0	11.2	53.4	599	799	304	170	77	551	247	2.30
1985/86*	13.1	11.5	51.0	589	844	300	170	25	495	349	1.95-2.15
	Mil. acres		Bu/acre			Mil. bu					$/bu
Oats											
1981/82	13.6	9.4	54.2	510	688	453	76	7	536	152	1.89
1982/83	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84*	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	12.4	8.2	58.0	474	689	433	74	1	507	180	1.71
1985/86*	13.3	8.1	63.6	519	724	475	80	2	557	167	1.20-1.40
	Mil. acres		Bu/acre			Mil. bu					$/bu
Soybeans											
1981/82	67.8	66.4	30.1	2,000	2,318	5/ 93	1,030	929	2,052	266	6.04
1982/83	70.9	69.4	31.5	2,190	2,444	5/ 86	1,108	905	2,099	345	5.69
1983/84*	63.8	62.5	26.2	1,636	1,981	5/ 79	983	743	1,805	176	7.81
1984/85*	67.8	66.1	28.1	1,861	2,037	5/ 93	1,030	598	1,721	316	5.85
1985/86*	63.1	61.6	34.1	2,099	2,415	5/ 85	1,060	750	1,895	520	5.05-5.35
						Mil. lbs					¢/lb
Soybean oil											
1981/82	--	--	--	10,979	12,715	--	9,535	2,077	11,612	1,103	19.0
1982/83	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84*	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85*	--	--	--	11,468	12,209	--	9,917	1,660	11,569	632	29.5
1985/86*	--	--	--	11,723	12,365	--	9,900	1,350	11,250	1,115	18.0-22.0
						Thou. tons					$/ton
Soybean meal											
1981/82	--	--	--	24,634	24,797	--	17,714	6,908	24,622	175	183
1982/83	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84*	--	--	--	22,756	23,230	--	17,615	5,360	22,977	255	188
1984/85*	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	25,133	25,520	--	19,500	5,600	25,100	420	125-155

See footnotes at end of table.

Supply and utilization: domestic measure, continued

	Area										
	Planted	Harvested	Yield	Production	Total supply 2/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 3/
	Mil. acres		lb/acre	Mil. bales							¢/lb
Cotton											
1981/82	14.3	13.8	542	15.6	18.3	--	5.3	6.6	11.8	6/ 6.6	54.0
1982/83	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	6/ 7.9	59.1
1983/84*	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	6/ 2.8	66.4
1984/85*	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.7	6/ 4.1	8/ 58.7
1985/86*	10.7	10.3	630	13.5	17.7	--	6.1	2.8	8.9	6/ 8.9	--

Supply and utilization: metric measure[7]

	Mil. hectares		Metric tons/ha	Mil. metric tons							$/metric ton
Wheat											
1981/82	35.7	32.6	2.32	75.8	102.8	3.7	19.4	48.2	71.3	31.5	134
1982/83	34.9	31.5	2.39	75.3	107.0	5.3	19.4	41.1	65.8	41.2	130
1983/84*	30.9	24.8	2.65	65.9	107.2	10.2	20.0	38.9	69.1	38.1	130
1984/85*	32.1	27.1	2.61	70.6	108.9	11.1	20.2	38.7	70.2	38.7	124
1985/86*	30.5	26.2	2.52	65.9	105.1	8.8	20.4	25.8	55.1	49.9	110-117
				Mil. metric tons (rough equiv.)							
Rice											
1981/82	1.5	1.5	5.40	8.3	9.0	4/ 0.4	2.7	3.7	6.8	2.2	200
1982/83	1.3	1.3	5.28	7.0	9.2	4/ 0.4	2.5	3.1	6.0	3.2	179
1983/84*	0.9	0.9	5.15	4.5	7.8	4/ 0.2	2.2	3.2	5.7	2.1	193
1984/85*	1.1	1.1	5.52	6.2	8.4	4/ 0.3	2.4	2.8	5.5	2.9	182
1985/86*	1.0	1.0	6.10	6.2	9.2	4/ 0.3	2.5	2.6	5.3	3.9	176-198
				Mil. metric tons							
Corn											
1981/82	34.0	30.1	6.85	206.2	232.5	106.7	20.6	50.0	177.3	55.2	98
1982/83	33.1	29.4	7.12	209.2	264.4	114.9	22.8	47.5	185.2	79.2	106
1983/84*	24.4	20.8	5.09	106.0	185.4	94.9	24.7	47.4	167.0	18.4	128
1984/85*	32.6	29.1	6.70	194.9	213.4	104.6	27.0	46.7	178.3	35.1	104
1985/86*	33.7	30.4	7.41	225.2	260.3	104.1	28.5	41.3	173.9	86.4	90-99
Feed Grains											
1981/82	49.9	43.1	5.71	246.2	281.1	128.5	25.8	58.6	212.9	68.2	--
1982/83	49.1	42.9	5.83	250.2	318.7	139.4	28.0	54.0	221.4	97.3	--
1983/84*	41.6	32.5	4.20	136.4	234.4	117.5	29.8	55.7	202.9	31.5	--
1984/85*	49.4	43.2	5.48	236.9	269.2	130.9	32.3	56.0	219.2	50.0	--
1985/86*	51.8	45.1	6.07	273.8	324.3	132.2	33.8	48.8	214.8	109.5	--
Soybeans											
1981/82	27.4	26.9	2.03	54.4	63.1	5/ 2.5	28.0	25.3	55.8	7.2	222
1982/83	28.7	28.1	2.15	59.6	66.5	5/ 2.4	30.2	24.6	57.1	9.4	209
1983/84*	25.8	25.3	1.23	44.5	53.9	5/ 2.2	26.8	20.2	49.1	4.8	286
1984/85*	27.4	26.7	1.14	50.6	55.4	5/ 2.4	28.0	16.3	46.8	8.6	214
1985/86*	25.5	24.9	2.29	57.1	65.7	5/ 2.3	28.8	20.4	51.6	14.1	185-195
Soybean oil											
1981/82	--	--	--	4.98	5.77	--	4.33	.94	5.27	.50	419
1982/83	--	--	--	5.46	5.96	--	4.47	.92	5.39	.57	454
1983/84*	--	--	--	4.93	5.50	--	4.35	.83	5.17	.32	675
1984/85*	--	--	--	5.20	5.54	--	4.49	.75	5.25	.29	650
1985/86*	--	--	--	5.32	5.61	--	4.49	.61	5.10	.50	397-485
Soybean meal											
1981/82	--	--	--	22.36	22.51	--	16.08	6.27	22.35	.16	201
1982/83	--	--	--	24.24	24.39	--	17.52	6.45	23.96	.43	206
1983/84*	--	--	--	20.64	21.07	--	15.98	4.86	20.84	.23	207
1984/85*	--	--	--	22.25	22.48	--	17.67	4.46	22.13	.35	137
1985/86*	--	--	--	22.80	23.15	--	18.95	5.08	22.77	.38	137-170
											$/kg
Cotton											
1981/82	5.8	5.7	.60	3.41	3.99	--	1.15	1.43	2.58	6/ 1.44	1.19
1982/83	4.6	3.9	.66	2.60	4.05	--	1.20	1.13	2.33	6/ 1.73	1.30
1983/84*	3.2	3.0	.57	1.69	3.42	--	1.29	1.48	2.77	6/ .60	1.46
1984/85*	4.5	4.2	.67	2.83	3.44	--	1.21	1.35	2.56	6/ .89	1.29
1985/86*	4.3	4.2	.71	2.95	3.85	--	1.33	.61	1.94	6/ 1.93	--

*February 10, 1985 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. 2/ Includes imports. 3/ Season average. 4/ Statistical discrepancy. 5/ Includes seed. 6/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks. 7/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 8/ Weighted avg.

Food grains

	Marketing year 1/			1984	1985					
	1982/83	1983/84	1984/85	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu.) 2/	3.94	3.83	3.74	3.76	3.17	3.03	3.07	3.15	3.35	3.42
Wheat, DNS, Minneapolis ($/bu.) 2/	3.94	4.21	3.70	3.48	3.29	2.87	2.97	3.01	3.42	3.45
Rice, S.W. La. ($/cwt.) 3/	18.00	19.38	17.98	18.00	17.67	17.50	17.50	17.50	17.50	17.50
Wheat										
Exports (mil. bu.)	1,509	1,429	1,424	134	69	90	77	89	87	n.a.
Mill grind (mil. bu.)	656	694	n.a.	53.1	54	61	60	65	63	n.a.
Wheat flour production (mil. cwt.)	292	308	n.a.	24	24	27	27	29	28	n.a.

	Marketing year 1/			1984			1985			
	1982/83	1983/84	1984/85	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec
Wheat										
Stocks, beginning (mil. bu.)	1,159	1,515	1,399	1,756	1,398	2,740	2,141	1,667	1,425.2	2,971.1
Domestic use										
Food (mil. bu.)	616	643	650	102	212	167	165	105.5	222.8	177.0
Feed & seed (mil. bu.) 4/	318	469	504	31	395	59	44	0	335.6	14.4
Exports (mil. bu.)	1,509	1,429	1,424	226	645	374	266	139.1	326.6	247.3

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Feed grains

	Marketing year 1/			1984	1985					
	1982/83	1983/84	1984/85	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices										
Corn, No. 2 yellow, St. Louis ($/bu.)	2.98	3.45	2.75	2.75	2.72	2.47	2.38	2.27	2.50	2.59
Sorghum, No. 2 yellow, Kansas City ($/cwt.)	4.96	5.13	4.38	4.32	4.50	4.06	3.56	3.62	3.75	3.97
Barley, feed, Minneapolis ($/bu.)	1.76	2.48	2.09	1.88	1.66	1.46	1.40	1.41	1.49	1.60
Barley, malting, Minneapolis ($/bu.)	2.53	2.84	2.55	2.36	2.25	2.03	2.15	2.10	2.27	2.29
Exports										
Corn (mil. bu.)	1,870	1,865	1,838	208	97	92	81	126	211	179
Feed grains (mil. metric tons) 2/	54.0	55.7	56.0	5.8	3.0	2.9	2.8	3.9	5.9	4.8

	Marketing year 1/			1984			1985			
	1982/83	1983/84	1984/85	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec
Corn										
Stocks, beginning (mil. bu.)	2,174	3,120	723	3,251	2,145	723	5,864	3,966	2,836	1,381
Domestic use:										
Feed (mil. bu.)	4,522	3,736	4,117	580	553	1,693	1,150	619	655	1,600
Food, seed, ind. (mil. bu.)	898	973	1,065	187	383	235	202	205	423	255
Feed grains 2/										
Stocks, beginning (mil. metric tons)	68.2	97.3	31.5	104.3	70.6	44.2	182.1	123.6	89.2	63.6
Domestic use:										
Feed (mil. metric tons)	139.5	117.4	130.8	18.1	20.3	53.9	36.0	19.1	21.8	52.8
Food, seed, ind. (mil. metric tons)	27.9	29.8	32.4	6.1	11.2	7.1	6.3	6.7	12.3	7.5

1/ Beginning October 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.

Fats and oils

	Marketing year 1/			1984	1985					
	1982/83	1983/84	1984/85	Dec	July	Aug	Sept	Oct	Nov	Dec
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu.) 2/	6.11	7.78	5.88	5.97	5.58	5.20	5.15	5.07	5.05	5.21
Crushings (mil. bu.)	1,108.0	983	1,030.5	101.1	81.9	77.5	76.5	94.3	96.6	100.7
Exports (mil. bu.)	905.2	740.3	600.7	87.3	19.2	26.3	31.5	55.4	79.6	94.1
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	20.6	30.55	29.50	28.44	29.07	24.08	22.54	20.71	20.62	21.39
Production (mil. lb.)	12,040.4	10,872.0	10,614.5	1,095.5	912.6	868.8	853.4	1,040.3	1,053.1	1,093.7
Domestic disap. (mil. lb.)	9,857.3	9,598	9,777.9	708.9	745.9	807.1	826.3	918.9	840.8	850.8
Exports (mil. lb.)	2,024.7	1,814	1,557.1	189.6	174.4	70.1	102.7	125.4	38.1	74.3
Stocks, beginning (mil. lb.)	1,102.5	1,261	720.5	580.1	731.9	724.2	715.7	640.1	636.1	810.4
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	117.08	136.75	114.00	121.40	130.60	138.30	142.50	145.00
Production (thou. ton)	26,713.6	22,756.2	22,729.1	2,381.0	1,934.0	1,831.6	1,800.6	2,218.1	2,287.7	2,375.7
Domestic disap. (thou. ton)	19,306.0	17,541.0	18,479.7	1,694.2	1,602.4	1,571.5	1,460.0	1,888.8	1,621.8	1,749.6
Exports (thou. ton)	7,108.7	5,436.1	4,504.8	635.7	338.7	364.4	411.7	397.8	615.1	638.5
Stocks, beginning (thou. ton)	175.2	474	255.4	285.7	569.6	562.5	458.0	386.9	318.4	369.2
Margarine, wholesale price, Chicago (cts/lb.)	41.1	46.3	55.4	53.80	54.30	52.00	49.10	45.69	44.75	43.55

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Cotton

	Marketing year 1/			1984	1985					
	1982/83	1983/84	1984/85	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. price, SLM, 1-1/16 in. (cts/lb.) 2/	63.1	73.1	60.5	60.4	59.5	57.9	56.4	56.1	56.0	56.3
Northern Europe prices:										
Index (cts./lb.) 3/	76.7	87.6	69.2	72.0	61.1	57.0	53.4	49.0	48.0	51.8
U.S. M 1-3/32" (cts./lb.) 4/	78.0	87.1	73.9	74.0	70.4	68.2	67.9	68.6	67.7	69.1
U.S. mill consumption (thou. bales)	5,512.8	5,883.5	5,517.3	443.1	387.0	480.1	589.1	516.4	500.2	503.1
Exports (thou. bales)	5,206.8	6,786.0	6,201.3	660.0	268.0	206.9	200.3	218.0	234.7	196.0

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Fruit

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Producer price indexes										
Fresh fruit (1967=100)	250.6	253.0	256.0	270.1	239.7	269.9	249.9	244.0	261.1	270.1
Dried fruit (1967=100)	409.3	386.6	362.7	361.9	362.2	362.2	369.1	368.9	369.2	369.3
Canned fruit & juice (1967=100)	286.8	312.4	323.1	316.1	327.3	327.7	324.6	321.1	315.9	314.2
Frozen fruit & juice (1967=100)	300.9	351.0	363.4	365.9	370.1	362.2	362.2	353.6	345.4	341.3
F.o.b. shipping point prices										
Apples, Yakima Valley ($/ctn.) 1/	n.a.	n.a.	n.a.	12.40	15.63	14.13	16.17	14.50	14.30	14.00
Pears, Yakima Valley ($/box) 2/	n.a.	n.a.	n.a.	12.90	n.a.	15.00	13.88	14.00	14.00	14.00
Oranges, U.S. avg. ($/box) 3/	14.40	15.20	17.30	18.70	15.90	15.80	13.90	13.70	14.50	15.30
Grapefruit, U.S. avg. ($/box) 3/	9.13	10.10	12.30	11.60	15.10	14.50	14.44	11.30	10.70	11.20
	Year ending 4/			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Stocks, ending										
Fresh apples (mil. lb.)	2,980.1	3,171.5	2,725.5	3,171.5	132.4	34.4	1,712.2	3,639.6	3,342.9	2,725.5
Fresh pears (mil. lb.)	250.6	180.8	183.2	180.8	5.1	92.5	398.7	298.9	222.2	183.2
Frozen fruit (mil. lb.)	644.7	690.5	718.4	690.5	707.0	733.8	760.1	821.1	788.9	718.4
Frozen fruit juices (mil. lb.)	924.9	964.9	978.8	964.9	1,405.9	1,286.2	1,199.6	1,089.1	983.3	978.8

1/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 2/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 3/ F.O.B. packed fresh. 4/ Year ending Dec. n.a. = not available.

Vegetables

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Wholesale prices										
Potatoes, white, f.o.b. East ($/cwt.)	7.76	8.16	4.84	5.53	3.25	3.13	2.85	3.68	2.42	3.13
Iceberg lettuce ($/crtn.) 1/	6.29	5.08	8.92	5.60	5.62	6.18	5.50	4.34	5.40	11.69
Tomatoes ($/crtn.) 2/	8.69	8.52	8.04	5.25	4.55	3.98	3.38	4.86	8.75	12.06
Wholesale price index, 10 canned veg. (1977=100)	138	145	141	144	143	143	135	130	128	130
Grower price index, fresh commercial veg. (1977=100)	129	133	125	145	125	117	105	103	130	169

1/ Std. carton 24's f.o.b. shipping point. 2/ 5 x 6 - 6 x 6, f.o.b. Fla-Cal.

Tobacco

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Prices at auctions 1/										
Flue-cured (cts./lb.)	177.9	181.1	171.9	--	--	1.61	1.79	1.80	1.66	--
Burley (cts./lb.)	177.3	187.6	--	1.88	--	--	--	--	--	1.60
Domestic consumption 2/										
Cigarettes (bil.)	600.0	600.4	592.0	42.9	50.8	58.9	55.1	67.1	--	--
Large cigars (mil.)	3,605	3,491	3,185	277.4	232.9	296.1	300.5	292.8	--	--

1/ Crop year July-June for flue-cured, October-September for burley. 2/ Taxable removals.

Sugar

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. raw sugar price, N.Y. (cts./lb.) 1/	22.04	21.74	20.34	21.10	21.23	20.59	19.51	18.68	18.89	19.89
U.S. deliveries (thou. short tons) 2/	8,812	8,435	n.a.	2,059	n.a.	n.a.	2,150	n.a.	n.a.	n.a.

1/ Spot price reported by (New York) Coffee, Sugar, and Cocoa Exchange, Inc. After May 1985, price based on nearby futures prices, Connell Commodities, Company. 2/ Raw value. Quarterly data shown at end of quarter in March, June, Sept., & Dec. Excludes Hawaii. n.a. = not available.

Coffee

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec p
Composite green price, N.Y. (cts./lb.)	131.51	142.95	137.46	136.12	125.70	124.99	123.79	131.64	148.30	178.50
Imports, green bean equivalent (mil.lb.) 1/	2,260	2,414	2,550	156	166	238	248	190	172	248

	Annual			1984			1985			
	1983	1984	1985	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec p
Roastings (mil. lb.) 2/	2,238	2,287	2,298	518	557	637	574	490	540	694

1/ Green and processed coffee. 2/ Instant soluble and roasted coffee. p = preliminary.

Gross national product and related data

	Annual			1984	1985			
	1983 r	1984 r	1985 p	IV r	I r	II r	III r	IV p
	$ Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product 1/	3,401.6	3,774.7	3,992.5	3,852.5	3,917.5	3,960.6	4,016.9	4,075.1
Personal consumption expenditures	2,229.3	2,423.0	2,581.9	2,480.1	2,525.0	2,563.3	2,606.1	2,633.3
Durable goods	289.6	331.1	360.8	341.5	351.5	356.5	376.0	359.2
Nondurable goods	817.0	872.4	912.5	883.1	895.7	910.2	914.5	929.4
Clothing & shoes	135.2	147.4	156.1	149.7	152.8	156.3	155.7	159.8
Food & beverages	422.0	451.7	474.2	459.6	465.5	472.1	475.9	483.3
Services	1,122.7	1,219.6	1,308.6	1,255.4	1,277.8	1,296.6	1,315.6	1,344.6
Gross private domestic investment	501.9	674.0	670.4	676.2	657.6	672.8	666.1	685.2
Fixed investment	508.3	607.0	661.4	637.2	639.1	657.3	665.9	683.2
Nonresidential	356.3	427.9	475.7	458.1	459.6	474.2	478.5	490.6
Residential	152.0	179.1	185.6	179.1	179.4	183.1	187.4	192.5
Change in business inventories	-6.4	67.1	9.1	39.0	18.5	15.5	0.2	2.1
Net exports of goods & services	-5.3	-59.2	-74.4	-72.2	-42.3	-70.3	-87.8	-97.2
Exports	354.1	384.6	370.4	389.5	379.6	369.2	363.2	369.7
Imports	359.4	443.8	444.8	461.7	421.9	439.5	451.0	466.9
Government purchases of goods & services	675.7	736.8	814.6	768.4	777.2	794.8	832.5	853.7
Federal	284.8	312.9	353.9	332.9	334.4	337.8	364.8	378.6
State & local	390.9	423.9	460.7	435.5	442.8	457.1	467.7	475.2
	1982 $Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,275.2	3,492.0	3,573.6	3,515.6	3,547.8	3,557.4	3,584.1	3,605.0
Personal consumption expenditures	2,145.9	2,239.9	2,312.6	2,262.0	2,288.6	2,303.5	2,329.6	2,328.7
Durable goods	283.6	318.6	344.7	327.6	335.0	340.3	359.3	344.3
Nondurable goods	800.7	828.0	847.4	828.6	839.9	846.7	849.8	855.0
Clothing & shoes	132.7	142.8	146.9	142.9	145.0	147.4	146.9	148.1
Food & beverages	414.3	423.0	436.4	424.7	430.1	436.8	439.5	439.2
Services	1,061.7	1,093.3	1,120.5	1,105.8	1,113.7	1,116.5	1,120.4	1,131.3
Gross private domestic investment	503.4	661.3	650.6	659.9	639.6	655.6	645.0	662.2
Fixed investment	508.9	598.6	643.3	623.8	623.8	640.5	646.8	662.0
Nonresidential	360.1	430.3	471.8	457.8	457.2	470.9	473.7	485.4
Residential	148.7	168.3	171.5	166.0	166.7	169.6	173.1	176.7
Change in business inventories	-5.5	62.7	7.3	36.1	15.8	15.1	-1.8	0.1
Net exports of goods & services	-21.9	-85.0	-105.1	-100.2	-71.8	-101.1	-119.8	-127.6
Exports	349.3	370.9	360.2	377.3	368.7	358.2	353.5	360.4
Imports	371.2	455.9	465.3	477.5	440.5	459.3	473.3	488.0
Government purchases of goods & services	647.8	675.9	715.4	693.9	691.4	699.4	729.2	741.7
Federal	275.5	292.5	321.3	307.3	304.3	305.9	331.1	343.7
State & local	372.2	383.3	394.2	386.6	387.1	393.6	398.1	398.0
New plant & equipment expenditures ($bil.)	306.71	352.88	377.28	364.67	365.27	381.52	381.77	380.57
Implicit price deflator for GNP (1982=100)	103.9	108.1	111.7	109.6	110.4	111.3	112.1	113.0
Disposable income ($bil.)	2,425.4	2,670.2	2,801.1	2,723.8	2,739.2	2,817.7	2,800.2	2,847.1
Disposable income (1982 $bil.)	2,334.6	2,468.4	2,508.9	2,484.4	2,482.7	2,532.2	2,503.1	2,517.8
Per capita disposable income ($)	10,339	11,279	11,427	11,465	11,506	11,814	11,710	11,878
Per capita disposable income (1982 $)	9,952	10,427	10,504	10,457	10,429	10,617	10,468	10,504
U.S. population, total, incl. military abroad (mil.)	234.8	237.0	239.3	238.0	238.5	239.0	239.6	240.1
Civilian population (mil.)	232.6	234.8	237.0	235.7	236.2	236.8	237.4	237.9

See footnotes at end of next table.

Selected monthly indicators

	Annual			1984	1985					
	1982	1983	1984	Dec	July	Aug	Sept	Oct	Nov	Dec p
	Monthly data seasonally adjusted except as noted									
Industrial production, total 2/ (1977=100)	103.1	109.2	121.8	123.3	124.1	125.2	125.1	124.4	125.1	126.0
Manufacturing (1977=100)	102.2	110.2	123.9	125.8	126.9	128.2	127.7	127.1	128.0	129.0
Durable (1977=100)	99.9	107.7	124.8	127.4	127.9	129.4	128.3	127.8	129.2	130.0
Nondurable (1977=100)	105.5	113.7	122.5	123.4	125.6	126.6	126.9	126.1	126.4	127.6
Leading economic indicators 1/ 3/ (1967=100)	136.8	156.0	165.7	164.1	168.5	170.0	170.6	171.6	172.0	173.6
Employment 4/ (mil. persons)	99.5	100.8	105.0	106.2	106.9	107.2	107.5	107.8	108.0	108.2
Unemployment rate 4/ (%)	9.7	9.6	7.5	7.2	7.3	7.1	7.1	7.1	7.0	6.9
Personal income 1/ ($ bil. annual rate)	2,584.6	2,744.2	3,111.9	3,207.4	3,290.0	3,295.5	3,309.9	3,330.7	3,347.4	3,394.0
Hourly earnings in manufacturing 4/ 5/ ($)	8.49	8.83	9.17	9.40	9.53	9.48	9.55	9.54	9.61	9.71
Money stock-M1 (daily avg.) ($bil.) 2/	6/ 480.8	6/ 528.0	6/ 558.5	558.5	595.8	605.9	611.9	611.1	617.9	624.7
Money stock-M2 (daily avg.) ($bil) 2/	6/ 1,954.9	6/ 2,188.8	6/ 2,371.7	2,371.7	2,490.6	2,514.0	2,528.8	2,533.0	2,547.1	2,563.6
Three-month Treasury bill rate 2/ (%)	10.686	8.63	9.58	8.16	7.05	7.18	7.08	7.17	7.20	7.07
Aaa corporate bond yield (Moody's) 5/ 7/ (%)	13.79	12.04	12.71	12.13	10.97	11.05	11.07	11.02	10.55	10.16
Interest rate on new home mortgages 5/ 8/ (%)	15.14	12.57	12.38	12.55	11.34	11.24	11.17	11.09	11.01	10.94
Housing starts, private (incl. farm) (thou.)	1,062	1,703	1,750	1,630	1,663	1,740	1,616	1,772	1,566	1,840
Auto sales at retail, total 1/ (mil.)	8.0	9.2	10.4	10.9	10.3	12.6	14.4	9.6	9.8	11.5
Business sales, total 1/ ($ bil.)	344.7	368.7	411.7	421.6	422.5	430.4	429.0	426.0	432.3 p	--
Business inventories, total 1/ ($ bil.)	9/ 509.2	9/ 520.3	9/ 573.4	573.4	580.1	578.2	578.9	582.2	583.4 p	--
Sales of all retail stores ($ bil.) 10/	89.3	97.9	108.1	110.5	114.4	117.0	119.5	114.9	115.6 p	117.9
Durable goods stores ($ bil.)	28.1	33.0	38.7	40.3	42.3	44.3	46.6	41.9	42.2 p	44.0
Nondurable goods stores ($ bil.)	61.3	64.8	69.4	70.2	72.1	72.7	72.9	72.9	73.4 p	73.8
Food stores ($ bil.)	20.4	21.2	22.5	22.6	23.5	23.4	23.9	23.6	23.9 p	24.2
Eating & drinking places ($ bil.)	8.7	9.6	10.3	10.6	10.9	10.9	10.9	11.1	11.1 p	11.0
Apparel & accessory stores ($ bil.)	4.6	5.0	5.6	5.8	5.9	6.1	6.1	6.1	6.2 p	6.3

1/ Department of Commerce. 2/ Board of Governors of the Federal Reserve System. 3/ Composite index of 12 leading indicators. 4/ Department of Labor, Bureau of Labor Statistics. 5/ Not seasonally adjusted. 6/ December of the year listed. 7/ Moody's Investors Service. 8/ Federal Home Loan Bank Board. 9/ Book value, end of period. 10/ Adjusted for seasonal variations, holidays, and trading day differences. p = preliminary. r = revised.

U.S. Agricultural Trade

Prices of principal U.S. agricultural trade products

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu.)	4.30	4.17	3.73	4.08	3.53	3.39	3.47	3.51	3.67	3.77
Corn, f.o.b. vessel, Gulf ports ($/bu.)	3.49	3.50	2.89	2.98	2.96	2.68	2.62	2.53	2.77	2.81
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu.)	3.34	3.00	2.64	2.76	2.54	2.36	2.12	2.20	2.46	2.56
Soybeans, f.o.b. vessel, Gulf ports ($/bu.)	7.31	7.38	5.83	6.25	5.86	5.51	5.44	5.05	5.40	5.56
Soybean oil, Decatur (cts./lb.)	23.51	30.75	27.03	28.55	28.84	23.63	22.41	20.61	20.33	21.26
Soybean meal, Decatur ($/ton)	200.91	166.80	127.15	136.18	116.39	121.97	130.93	139.67	141.88	145.95
Cotton, 10 market avg. spot (cts./lb.)	68.68	68.37	58.55	60.45	59.55	57.87	56.38	56.14	56.03	56.25
Tobacco, avg. price of auction (cts./lb.)	173.96	170.66	174.35	178.25	175.84	165.14	175.84	175.49	172.39	163.65
Rice, f.o.b. mill, Houston ($/cwt.)	19.39	19.47	18.57	18.75	18.75	18.63	18.25	18.25	18.25	18.25
Inedible tallow, Chicago (cts./lb.)	13.41	17.47	14.33	17.50	13.60	12.06	11.40	11.50	11.31	11.38
Import commodities										
Coffee, N.Y. spot ($/lb.)	1.33	1.46	1.42	1.38	1.34	1.33	1.33	1.37	1.55	1.75
Sugar, N.Y. spot (cts./lb.)	22.04	21.74	20.81	21.10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, N.Y. spot (cts./lb.)	56.19	49.70	41.91	42.24	41.55	42.47	43.24	42.92	42.14	40.28
Cocoa beans, N.Y. ($/lb.)	.92	1.06	.99	.96	.96	.98	1.01	1.03	.98	1.02
Bananas, ($/40 lb. box)	7.93	6.70	7.05	5.43	5.82	7.65	6.56	5.05	5.43	n.a.

n.a. = not available.

U.S. agricultural exports

	January-December				December			
	1984	1985	1984	1985	1984	1985	1984	1985
	Thou. units		$ Thou.		Thou. units		$ Thou.	
Animals, live (no.)	760	953	249,171	337,837	45	53	17,551	36,701
Meats & preps., excl. poultry (mt)	416	431	928,082	904,774	33	36	72,324	70,731
Dairy products (mt)	399	463	373,698	431,317	23	33	23,111	29,067
Poultry meats (mt)	230	232	281,969	249,188	21	20	24,432	20,440
Fats, oils, & greases (mt)	1,325	1,346	697,671	619,037	92	105	49,396	40,449
Hides & skins incl. furskins	--	--	1,382,805	1,295,204	--	--	108,901	90,822
Cattle hides, whole (no.)	25,038	24,965	1,066,595	991,894	2,069	1,625	85,512	71,419
Mink pelts (no.)	2,520	2,355	67,496	62,328	73	97	1,916	2,303
Grains & feeds (mt)	110,888	86,892	17,162,930	11,865,487	10,513	7,361	1,502,170	930,698
Wheat (mt)	42,243	24,804	6,472,971	3,605,462	3,591	1,683	550,596	238,298
Wheat flour (mt)	904	923	219,330	179,424	19	169	4,058	21,729
Rice (mt)	2,194	1,966	845,462	665,374	154	134	53,808	50,271
Feed grains, excl.products (mt)	57,725	51,301	8,110,209	6,006,572	6,132	4,762	767,339	507,717
Feeds & fodders (mt)	6,996	6,714	1,183,133	1,014,476	537	495	96,087	78,652
Other grain products (mt)	825	1,184	331,825	394,181	80	118	30,283	34,031
Fruits, nuts, and preps. (mt)	1,914	1,890	1,627,593	1,680,590	154	140	128,862	131,351
Fruit juices incl. froz. (hl)	5,268	4,496	219,807	188,990	349	277	16,524	11,565
Vegetables & preps. (mt)	1,552	1,365	1,001,542	929,670	163	127	96,555	84,310
Tobacco, unmanufactured (mt)	246	249	1,511,067	1,520,644	35	41	211,136	237,181
Cotton, excl. linters (mt)	1,497	1,097	2,441,370	1,633,244	144	43	234,821	67,430
Seeds (mt)	277	275	330,129	365,268	35	29	37,914	59,866
Sugar, cane or beet (mt)	290	344	72,596	60,471	32	18	7,367	3,455
Oilseeds & products (mt)	27,365	23,682	8,369,078	5,793,838	3,490	3,342	912,416	746,279
Oilseeds (mt)	21,155	17,687	6,071,465	4,036,047	2,724	2,645	671,415	561,327
Soybeans (mt)	19,483	16,889	5,418,493	3,732,054	2,308	2,561	544,150	533,113
Protein meal (mt)	4,586	4,852	1,027,751	888,654	597	589	114,783	113,283
Vegetable oils (mt)	1,623	1,143	1,269,862	869,136	169	108	126,218	71,670
Essential oils (mt)	11	11	92,104	106,594	1	1	8,171	8,613
Other	369	499	298,841	309,502	20	38	25,713	19,685
Total	--	--	37,804,398	29,025,427	--	--	3,544,453	2,642,208

-- Not available.

Indexes of nominal and real trade-weighted dollar exchange rates

	1985											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	April 1971=100											
Total agriculture												
Nominal 1/	1,281.5	1,404.0	1,525.5	1,706.5	1,861.0	2,041.6	2,216.7	2,392.4	2,583.3	2,830.0	3,083.2	3,183.2
Real 2/	106.1	108.5	108.3	104.6	105.2	105.5	103.3*	101.9*	103.1*	99.3*	99.1*	91.6*
Soybeans												
Nominal	185.1	191.9	194.5	187.8	190.3	197.3	203.2	201.4	209.7	210.2	229.2	113.8
Real	103.4	107.4	107.3	101.8	102.4	101.9	98.7*	96.5*	97.6*	92.4*	91.6*	84.4*
Wheat												
Nominal	6,598.2	7,285.2	7,988.1	9,092.9	9,996.1	11,011.6	11,995.8	13,007.8	14,116.0	15,606.6	17,029.4	18,367.6
Real	108.9	109.6	108.8	109.0	110.1	111.5	110.6*	110.0*	110.8*	109.0*	108.9*	103.8*
Corn												
Nominal	1,211.9	1,326.1	1,437.7	1,598.6	1,740.2	1,905.4	2,067.3	2,226.7	2,402.8	2,627.2	2,864.8	2,902.7
Real	106.1	109.4	109.4	104.4	105.2	104.7	102.3*	100.3*	101.5*	97.0*	96.8*	86.9*
Cotton												
Nominal	209.3	211.5	212.9	211.3	212.8	212.8	213.3	213.0	215.1	212.8	214.8	216.4
Real	100.0	101.6	102.3	101.0	101.7	101.1	99.9*	99.8*	100.6*	98.4*	97.5*	97.3*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

U.S. agricultural imports

	January–December				December			
	1984	1985	1984	1985	1984	1985	1984	1985
	Thou. units		$ Thou.		Thou. units		$ Thou.	
Animals, live (no.)	2,126	2,171	619,515	607,931	207	312	63,377	97,272
Meats & preps., excl. poultry (mt)	980	1,139	2,047,612	2,225,824	72	91	147,991	180,746
Beef & veal (mt)	595	677	1,228,394	1,276,457	41	57	79,463	102,756
Pork (mt)	356	424	754,917	861,237	28	30	61,101	65,233
Dairy products (mt)	420	414	772,934	764,717	42	41	80,870	78,302
Poultry and products	--	--	118,257	98,081	--	--	6,429	7,622
Fats, oils, & greases (mt)	19	21	14,471	17,457	1	1	1,093	981
Hides & skins, incl. furskins	--	--	229,516	245,712	--	--	14,000	20,467
Wool, unmanufactured (mt)	54	44	181,622	145,071	4	4	12,955	14,527
Grains & feeds (mt)	1,971	2,060	566,409	623,072	195	182	52,411	57,289
Fruits, nuts, & preps., ex juices (mt)	4,002	4,602	1,655,953	1,957,692	223	349	97,100	154,536
Bananas & plantains (mt)	2,687	3,086	665,106	763,119	151	244	37,067	59,156
Fruit juices (hl)	8,575	11,257	181,788	220,995	746	1,003	13,992	22,002
Vegetables & preps. (mt)	2,106	2,153	1,331,136	1,384,681	164	188	96,318	127,721
Tobacco, unmanufactured (mt)	189	196	558,098	576,137	12	15	34,798	48,741
Cotton, unmanufactured (mt)	31	31	17,910	20,627	4	3	1,517	3,087
Seeds (mt)	82	96	99,839	97,713	6	8	7,661	10,959
Nursery stock & cut flowers	--	--	309,149	324,891	--	--	23,060	25,446
Sugar, cane or beet (mt)	2,674	2,198	1,108,784	811,872	149	193	63,000	68,913
Oilseeds & products (mt)	1,054	1,359	799,951	756,013	94	130	65,010	59,302
Oilseeds (mt)	197	241	87,184	90,797	18	16	8,559	6,027
Protein meal (mt)	116	156	18,481	15,428	16	15	1,805	1,398
Vegetable oils (mt)	740	961	694,286	649,789	60	99	54,647	51,876
Beverages excl. fruit juices (hl)	14,378	15,765	1,563,310	1,703,596	1,156	1,293	134,673	167,140
Coffee, tea, cocoa, spices (mt)	1,788	1,915	4,856,621	5,109,728	128	181	334,670	521,848
Coffee, incl. products (mt)	1,105	1,159	3,271,144	3,322,248	73	111	208,067	346,397
Cocoa beans & products (mt)	476	565	1,134,003	1,351,043	37	54	86,447	135,320
Rubber & allied gums (mt)	803	818	823,501	654,418	64	66	55,642	47,334
Other	--	--	851,504	926,097	--	--	62,620	75,277
Total	--	--	19,334,254	19,968,371	--	--	1,438,014	1,830,548

-- Not available.

Trade balance

	January–December		December	
	1984	1985	1984	1985
	$ Mil.			
Exports				
Agricultural	37,804	29,025	3,544	2,642
Nonagricultural	174,253	177,900	15,072	13,837
Total 1/	212,057	206,925	18,616	16,479
Imports				
Agricultural	19,334	19,968	1,438	1,831
Nonagricultural	303,656	323,585	22,699	28,719
Total 2/	322,990	343,553	24,137	30,550
Trade balance				
Agricultural	18,470	9,057	2,106	811
Nonagricultural	-129,403	-145,685	-7,627	-14,882
Total	-110,933	-136,628	-5,521	-14,071

1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

U.S. agricultural exports by regions

Region & country	January-December		December		Change from year earlier	
	1984	1985	1984	1985	January-Dec	Dec
	$ Mil.				Percent	
Western Europe	8,837	6,938	944	713	-21	-25
European Community	6,529	5,204	728	518	-20	-29
Belgium-Luxembourg	753	387	90	40	-49	-55
France	507	403	55	61	-20	11
Germany, Fed. Rep.	1,065	944	84	89	-11	6
Italy	806	670	94	76	-17	-19
Netherlands	2,323	1,870	302	192	-19	-36
United Kingdom	754	604	78	42	-20	-46
Other Western Europe	2,308	1,734	216	195	-25	-10
Portugal	698	438	73	30	-37	-59
Spain	1,029	831	88	126	-19	44
Switzerland	293	190	24	14	-35	-39
Eastern Europe	758	479	85	66	-37	-23
Germany Dem. Rep.	129	65	21	9	-50	-54
Poland	194	92	26	7	-53	-73
USSR	2,878	1,908	392	155	-34	-60
Asia	14,907	11,192	1,297	1,103	-25	-15
West Asia (Mideast)	1,986	1,269	177	132	-36	-26
Turkey	286	63	20	4	-78	-81
Iraq	535	326	76	48	-39	-36
Israel	334	277	26	22	-17	-15
Saudia Arabia	482	351	31	36	-27	19
South Asia	857	530	72	51	-38	-29
India	264	99	8	10	-62	23
Pakistan	310	267	17	27	-14	56
East & Southeast Asia	12,065	9,393	1,047	920	-22	-12
China	613	157	43	21	-74	-51
Taiwan	1,458	1,231	198	152	-16	-24
Japan	6,782	5,409	594	539	-20	-9
Korea, Rep.	1,650	1,413	110	123	-14	12
Hong Kong	412	389	32	27	-6	-16
Indonesia	395	170	14	5	-57	-60
Philippines	318	292	19	36	-8	93
Africa	2,972	2,489	197	181	-16	-8
North Africa	1,675	1,255	87	116	-25	33
Morocco	396	100	19	4	-75	-79
Algeria	199	228	29	30	14	5
Egypt	909	891	40	82	-2	104
Sub-Sahara	1,298	1,234	110	65	-5	-41
Nigeria	349	313	42	17	-10	-59
Rep. S. Africa	481	108	35	3	-77	-91
Latin America & Caribbean	5,263	4,221	466	303	-20	-35
Brazil	508	470	71	42	-8	-40
Caribbean Islands	820	763	72	56	-7	-23
Colombia	214	218	15	18	2	20
Mexico	1,993	1,439	145	105	-28	-28
Peru	176	76	16	9	-57	-46
Venezuela	783	638	93	43	-18	-54
Canada	1,963	1,622	146	110	-17	-25
Oceania	226	177	17	11	-22	-36
Total	37,804	29,025	3,544	2,642	-23	-25

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P
				Mil. units			
Wheat							
Area (hectare)	227.6	236.9	238.7	237.5	229.1	231.4	229.4
Production (metric ton)	422.8	442.9	448.4	479.1	490.9	514.8	503.4
Exports (metric ton) 1/	86.0	94.1	101.3	98.6	102.9	106.6	90.0
Consumption (metric ton) 2/	443.5	445.7	441.5	467.9	486.3	500.0	493.7
Ending stocks (metric ton) 3/	80.4	78.2	85.0	96.3	101.0	115.8	125.7
Coarse grains							
Area (hectare)	341.1	342.4	350.2	339.2	334.3	339.0	343.6
Production (metric ton)	741.5	732.9	769.9	779.2	685.4	807.9	843.8
Exports (metric ton) 1/	98.8	108.0	96.6	89.9	92.0	101.2	94.8
Consumption (metric ton) 2/	740.3	743.0	739.8	753.5	757.1	777.8	782.3
Ending stocks (metric ton) 3/	91.6	82.8	112.9	138.6	66.8	96.9	158.4
Rice, milled							
Area (hectare)	143.1	144.4	145.1	141.2	144.3	143.9	143.3
Production (metric ton)	253.9	271.0	280.6	285.7	308.0	318.8	313.7
Exports (metric ton) 4/	12.7	13.1	11.8	11.9	12.6	11.4	11.5
Consumption (metric ton) 2/	257.8	272.3	281.5	289.6	308.1	314.1	312.2
Ending stocks (metric ton) 3/	23.4	22.1	21.3	17.3	17.3	21.9	23.4
Total grains							
Area (hectare)	711.8	723.8	733.9	717.8	707.7	714.3	716.3
Production (metric ton)	1,418.2	1,446.8	1,498.9	1,544.1	1,484.3	1,641.5	1,660.9
Exports (metric ton) 1/	197.5	215.2	209.7	200.5	206.6	219.2	196.3
Consumption (metric ton) 2/	1,441.9	1,461.0	1,462.8	1,511.0	1,551.5	1,591.9	1,588.2
Ending stocks (metric ton) 3/	195.4	183.2	219.2	252.2	185.1	234.6	307.5
Oilseeds							
Production (metric ton)	170.1	155.8	169.4	178.0	164.7	188.8	194.2
Trade (metric ton)	35.9	32.1	35.8	35.0	33.0	32.6	33.0
Meals							
Production (metric ton)	92.9	90.8	94.0	98.0	92.9	100.9	102.8
Trade (metric ton)	26.5	25.9	28.9	31.6	29.6	32.0	32.1
Oils							
Production (metric ton)	39.7	40.0	41.5	43.3	42.2	46.4	47.7
Trade (metric ton)	12.8	12.5	13.3	14.3	14.3	15.9	15.5
Cotton							
Area (hectare)	32.2	32.4	33.2	31.9	31.3	34.2	32.5
Production (bale)	65.2	64.8	70.8	67.5	67.6	87.4	81.7
Exports (bale)	23.1	19.7	20.2	19.4	19.2	20.3	19.4
Consumption (bale)	65.3	65.9	65.5	68.0	68.9	69.1	72.5
Ending stocks (bale)	24.0	24.1	25.4	25.0	24.5	42.3	51.4

E = Estimated. P = Projected. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1980 data correspond with 1979/80, etc.

Farm income statistics

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 F	1986 F
						$ Bil.					
Receipts											
Cash receipts:											
Crops 1/	49.0	48.6	53.0	62.3	71.8	72.9	72.7	66.8	69.1	70 to 72	60 to 64
Livestock	46.3	47.6	59.2	69.2	68.0	69.2	70.3	69.4	72.7	69 to 71	68 to 72
Total	95.4	96.2	112.2	131.5	139.8	142.1	142.9	136.3	141.8	140 to 142	130 to 134
Other cash income 2/	1.8	3.0	4.9	3.6	3.5	4.4	6.1	11.8	11.4	8 to 12	11 to 15
Gross cash income	97.2	99.3	117.1	135.1	143.3	146.5	149.0	148.1	153.3	151 to 154	145 to 149
Nonmoney income 3/	7.3	8.4	9.2	10.5	12.2	13.7	14.0	13.1	12.9	11 to 13	10 to 12
Realized gross income	104.4	107.6	126.3	145.6	155.5	160.2	163.0	161.2	166.1	158 to 163	156 to 160
Value of inventory chg	-1.5	1.1	2.1	5.0	-5.9	5.8	-1.4	-10.6	7.8	-1 to 3	-6 to -2
Total gross income	102.9	108.8	128.4	150.7	149.6	166.0	161.6	150.6	174.0	163 to 166	152 to 156
Expenses											
Cash expenses 4/	67.8	72.0	82.6	98.1	106.1	110.7	110.7	109.8	114.1	109 to 111	106 to 110
Total expenses	82.7	88.9	101.0	119.0	129.4	136.1	136.9	135.6	139.5	133 to 135	129 to 133
Income											
Net cash income	29.4	27.3	34.6	37.0	37.2	35.8	38.3	38.3	39.2	41 to 44	37 to 41
Total net farm income	20.2	19.9	27.4	31.7	20.2	29.8	24.6	15.0	34.5	29 to 32	21 to 25
Deflated total net farm income 5/	32.1	29.6	38.0	40.3	23.6	31.7	24.6	14.4	31.9	26 to 29	18 to 21
Off-farm income	26.7	26.1	29.7	33.8	35.1	36.9	37.9	38.8	40.0	40 to 42	40 to 44

F = Forecast. 1/ Includes net CCC loans. 2/ Income from machine hire and custom work, farm recreational income, and direct government payments. The 1978-1986 figures include sales of forest products and other misc. sources. 3/ Imputed gross rental value of farm dwellings and value of home consumption. 4/ Excludes depreciation of farm capital, perquisites to hired labor, and expenses associated with farm dwellings, and includes net rent to all landlords. 5/ Deflated by the GNP implicit price deflator, 1982=100. Totals may not add due to rounding.

Cash receipts from farming

	1984		1985										
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov
Farm marketings and CCC loans 1/	16,120	13,453	13,050	9,712	10,414	9,540	9,064	9,825	10,893	10,107	12,289	16,291	17,063
Livestock and products	6,224	5,898	6,128	5,743	6,011	5,699	5,825	5,652	5,813	5,451	5,729	5,967	6,048
Meat animals	3,617	3,333	3,684	3,408	3,419	3,228	3,315	3,151	2,806	2,963	3,196	3,413	3,390
Dairy products	1,472	1,546	1,541	1,447	1,607	1,539	1,585	1,497	1,489	1,482	1,422	1,480	1,425
Poultry and eggs	1,006	909	799	795	879	825	813	897	868	905	1,004	971	1,117
Other	129	111	104	92	105	107	112	108	651	101	106	103	117
Crops	9,896	7,554	6,923	3,969	4,403	3,841	3,239	4,173	5,070	4,655	6,561	10,325	11,015
Food grains	686	538	653	448	397	300	280	1,153	1,693	1,170	1,231	1,293	697
Feed crops	2,660	2,119	2,475	1,093	1,179	880	753	845	1,085	1,044	1,288	2,552	3,834
Cotton (lint and seed)	1,030	864	638	468	200	92	-43	83	13	65	227	818	921
Tobacco	457	414	493	64	30	24	4	0	63	365	541	391	190
Oil-bearing crops	2,364	1,370	1,390	683	1,012	708	544	610	682	438	947	2,743	2,524
Vegetables and melons	682	608	501	460	641	735	707	611	565	768	1,004	981	660
Fruits and tree nuts	870	736	252	239	252	240	346	476	570	414	652	869	1,021
Other	1,149	905	519	514	692	862	649	395	399	392	670	696	1,169
Government payments	334	1,940	802	1,452	806	2,481	207	193	207	30	262	101	-3
Total cash receipts	16,454	15,393	13,852	11,164	11,220	12,021	9,271	10,018	11,090	10,137	12,551	16,392	17,060

1/ Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Cash receipts[1] from farm marketings, by States

State	Livestock and products		Crops 2/		Total 2/	
	Jan.-Nov. 1984	Jan.-Nov. 1985	Jan.-Nov. 1984	Jan.-Nov. 1985	Jan.-Nov. 1984	Jan.-Nov. 1985
			$Mil.			
North Atlantic						
Maine	265	241	155	120	420	361
New Hampshire	69	69	30	31	99	101
Vermont	336	342	26	27	362	369
Massachusetts	121	121	223	225	343	346
Rhode Island	13	13	42	41	54	54
Connecticut	200	184	130	137	330	321
New York	1,752	1,694	734	676	2,486	2,370
New Jersey	123	123	347	349	471	473
Pennsylvania	2,060	1,966	838	880	2,898	2,845
North Central						
Ohio	1,478	1,343	1,754	2,217	3,232	3,560
Indiana	1,619	1,457	1,949	2,365	3,568	3,821
Illinois	1,993	1,994	4,114	5,222	6,107	7,216
Michigan	1,190	1,136	1,324	1,479	2,515	2,615
Wisconsin	3,733	3,674	946	816	4,679	4,490
Minnesota	3,025	2,991	2,560	2,755	5,585	5,746
Iowa	4,558	4,165	3,806	3,601	8,364	7,766
Missouri	1,995	1,891	1,397	1,379	3,392	3,271
North Dakota	631	640	1,689	1,939	2,320	2,579
South Dakota	1,631	1,622	990	1,102	2,621	2,724
Nebraska	4,189	4,256	2,204	2,201	6,393	6,457
Kansas	3,327	3,283	2,150	2,267	5,476	5,551
Southern						
Delaware	359	324	130	119	489	443
Maryland	750	709	323	329	1,072	1,038
Virginia	1,039	1,023	618	535	1,657	1,558
West Virginia	168	167	37	44	204	211
North Carolina	1,760	1,663	2,076	1,781	3,836	3,444
South Carolina	394	355	630	548	1,024	903
Georgia	1,713	1,485	1,622	1,459	3,335	2,944
Florida	1,009	962	3,061	2,870	4,070	3,832
Kentucky	1,342	1,351	920	1,140	2,262	2,491
Tennessee	923	938	825	978	1,748	1,917
Alabama	1,301	1,182	730	706	2,031	1,888
Mississippi	975	942	838	1,132	1,813	2,074
Arkansas	1,737	1,604	1,251	1,618	2,988	3,223
Louisiana	443	442	847	868	1,291	1,310
Oklahoma	1,643	1,739	710	865	2,352	2,604
Texas	5,441	5,003	3,284	3,484	8,725	8,487
Western						
Montana	695	704	579	463	1,274	1,167
Idaho	822	807	1,255	1,121	2,076	1,928
Wyoming	427	411	92	99	518	510
Colorado	1,985	1,788	1,005	1,163	2,990	2,951
New Mexico	615	652	297	335	912	987
Arizona	709	618	681	675	1,390	1,293
Utah	411	396	125	123	535	520
Nevada	161	163	71	71	232	234
Washington	940	895	1,757	1,583	2,697	2,477
Oregon	572	571	1,082	954	1,654	1,525
California	4,114	3,880	8,790	8,806	12,904	12,686
Alaska	6	7	15	14	22	21
Hawaii	80	80	485	460	565	540
United States	66,841	64,067	61,541	64,172	128,382	128,238

1/ Estimates as of the end of current month. 2/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period. Rounded data may not add.

Rail rates; grain and fruit-vegetable shipments

	Annual			1984	1985					
	1983	1984	1985	Dec	July	Aug	Sept	Oct	Nov	Dec
Rail freight rate index 1/										
(Dec 1984 = 100)										
All products	95.0	99.3	99.9	100.0	99.8	99.8	99.8	99.8 p	99.8 p	99.8 p
Farm products	94.0	98.7	98.6	100.0	97.5	97.7	97.6	97.6 p	97.6 p	97.6 p
Grain	94.0	98.6	97.7	100.0	96.4	96.4	96.3	96.3 p	96.3 p	96.3 p
Food products	94.8	99.1	100.1	100.0	100.0	100.1	100.1	100.1 p	100.1 p	100.1 p
Grain										
Rail carloadings (thou. cars) 2/	26.1	27.2	22.5	25.4	22.5	29.8	18.8	23.8	29.5	23.4
Barge shipments (mil. bu.) 3/	40.8	37.2	31.8	36.2	27.0	24.1	34.0	39.9	47.8	26.3
Fresh fruit & vegetable shipments										
Piggy back (thou. cwt.) 3/ 4/	545	570	583	511	630	479	590	485	452	506
Rail (thou. cwt.) 3/ 4/	786	640	498	577	394	216	288	362	461	590
Truck (thou. cwt.) 3/ 4/	7,786	8,006	8,044	7,919	8,530	7,882	7,252	7,237	7,706	7,858

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985. p = preliminary.

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